

UNIVERSITY OF GRANADA



FACULTY OF ECONOMIC SCIENCES AND BUSINESS STUDIES

DOCTORAL THESIS

**THE ROLE OF PALESTINIAN WOMEN ENTREPRENEURS IN
BUSINESS DEVELOPMENT**

ABEER DAOUD ISTANBULI

SUPERVISED BY:

Professor. Dr Maria del Mar Fuentes Fuentes

Dra. Ana Maria Bojica

Granada, 2015

Editor: Universidad de Granada.Tesis Doctorales
Autor: Abeer Istanbouli
ISBN: 978-84-9125-303-7
URI: <http://hdl.handle.net/10481/40733>

Dedications

In the name of Allah, the Beneficent, the Merciful.

Allah says, “And lower to them the wing of humility out of mercy and say, “My Lord, have mercy upon them as they brought me up (when I was) small.” (24), Al-Isra’ Holy Quran

To my beloved parents I dedicate this work.

My beloved mother, you are the one, who keep my heart beating, without your prayers and infinite love and support this work has never see the light. Your unlimited tender submitted for my life indescribable.

My beloved father, you passed away before the end of my dream, you taught me always how to be patient and strong, your sacrifice to my life journey have no limits; your endless love and support unrivaled, no words can express my deep feelings and emotions.

Acknowledgments

In the name of Allah, the most Beneficent, the most Merciful.

Thank God in making the completion of my Ph.D program and of this project conceivable.

In bringing this little effort to life, I must pay love and respect to the precious gifts given to me, my parents, who were the candles that lit my way throughout my life, without their endless love, sacrifice, prayers and support, this work would not have been made possible. There are no words to express my deepest thanks and love to you. My brother and sisters; I can see the smile on your faces. You deserve my wholehearted thanks as well.

I am warmly gratitude to my professors, Maria Del Mar Fuentes Fuentes, Ana Maria Bojica, the encouragement; support, help and patience have been invaluable. I believe that without their guidance and direction, this work has never been completed. I offer my sincere grateful and appreciation to all your support, kindness and help.

I would like to acknowledge my doctoral committee members for the generous expertise and precious time. Thank you all.

I would like to express my gratitude to my mother university Al-Quds University which gave me the opportunity to pursue my doctoral study and sponsored me through my stay in Spain; also my special thanks to the University of Granada, unforgettable appreciation for the valuable opportunity it offered and the achievement I gained.

I would like to acknowledge Professor Sari Nusseibeh, Professor Hasan Dweik, Dr. Fadwa Labadi and all the academic and administrative staff in Al-Quds University. Thank you for all your support and help.

The presence of many friends and families has helped me through these difficult years. Their support and care were invaluable. Many thanks for my friends and colleagues; special thanks to my Palestinian, Jordanian and Spanish colleagues.

I would like to thank and acknowledge all the women participants who agreed to be as part of my research study. Your thoughts are invaluable. I appreciate you making time to speak with me, sharing your emotions and allowing me into your lives for that moment.

I would like to thank the many individuals at The Palestinian Union of Chambers of Commerce, Industry, and Agriculture, Palestinian Businesswomen's Association (ASALA), Business Women Forum, and the Palestinian Central Bureau of Statistics who provided invaluable background information and assisted me throughout the data gathering process.

I feel deep gratitude towards all the professors who listened, supported, corrected, pushed and encouraged me through my Ph.D. journey. While it is not possible to cite all those who have graced this process, I would like to thank all of whom served as those guides and supporters.

Finally, I would like to express my gratitude to all the people who listened, supported, helped and shared the events with me during these years.

To all whom I missed to say thank you

Thank you

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CHAPTER 1: INTRODUCTION

1.1. Subject Interest

Women entrepreneurs have, for generations, played a very important role in society and have made a crucial contribution to its development. Although this is well known, the issue of female entrepreneurship continues to be neglected in the social sciences and society as a whole (Global Entrepreneurship Monitor, 2010). Nevertheless, women's business initiatives greatly benefit the economy and provide employment for themselves and other people (Sadeq, Hamed & Glover, 2011). According to the Global Entrepreneurship Monitor (GEM) in 2005, women are involved in a wide range of entrepreneurial activities around the world that pay off in terms of job and wealth creation. Although entrepreneurship is generally regarded as a male pursuit (Gelin, 2005; Josiane, 1998), women run a significant proportion of small and medium enterprises (SMEs) world-wide, and have become important players in the socio-economic growth of both developed and developing economies (Josiane, 1998; Kjeldsen & Nielson, 2000). Their role is even more important and complex when other more flexible and informal sectors of the economy are taken into account (GEM, 2006).

Accordingly, it is important to clearly define the subject of women's entrepreneurship and economic activity (Atyani & Al HajAli, 2009). Women, active in many different environments, still find it more difficult to initiate their businesses than their male counterparts (International Labor Office ILO & African Development Bank AFDB, 2007; Sadeq, Hamed & Glover, 2011). This clearly documents inequality of opportunity for men and women across the world. Particularly in the Arab world, huge differences exist between one Arab country and another in terms of education, employment, legislation and cultural environment. So it makes sense to single out a country for closer scanning. The focus here is on Palestine. The importance of studying the participation of women in SMEs stems from the fact that almost all Palestinian female founders are involved in SMEs rather than large enterprises, thus making this type of enterprise more representative of female entrepreneurship (Palestine Economic Policy Research Institute MAS, 2011). Regardless of social attitudes to female entrepreneurship, women in some

cases become entrepreneurs simply because their families need a source of income (GEM, 2010). Constraints, such as political instability, poor infrastructure, high production costs and an unfavorable business environment tend to have an impact more on women entrepreneurs than on their male counterparts as we will explain later (ILO & AFDB, 2007). The business environment within which women entrepreneurs operate can significantly impact their ability and capacity to grow their enterprises (International Labor Office ILO, 2003).

In order to achieve Palestinian development objectives, such as economic growth, it is necessary to support and encourage women's entrepreneurial activities. Palestinian women are highly educated (according to Palestinian Central Bureau of Statistics (PCBS) 2014, the percentage of women with an Associated Diploma, Bachelor and above was (16.2%), and with secondary attainment (20.6%) in 2014). According to United Nations Children's Fund (2013) youth literacy rate for females (15-24 years) accounted for 99.4% between the years 2008-2012. However, the educational attainments do not necessarily translate into women's improved social status. PCBS (2013) indicates that despite the rise in female employment over the past ten years, the female participation rate in labor market remained low at 17.4% in 2012, compared to 10.3% in 2001.

Palestinian women account for only 9% of business owners (Economic and Social Commission for Western Asia ESCWA, 2009). The striking difference between entrepreneurial activity rates for men and women in Palestine could be due to the variety of circumstances and barriers faced by businesswomen. Firstly, Palestinian community lacks of entrepreneurship education and social support for women (Al-Saleh, 2011). Women also lack training in terms of knowledge about the basics of running a business (Al-Botmeh, 2013) and have difficulties in financing their businesses through commercial loans (Qazzaz, Mrar & Adwan, 2004), because they lack resources and properties (Al-Saleh, 2008).

Secondly, Palestinian women set up and manage their businesses under uncertain conditions like all entrepreneurs, but unlike male entrepreneurs, they have to simultaneously continue to perform the lion's share of household duties. They are the primary providers of care for children and other dependents such as parents (Gelinias, Reeves & Sullivan, 2006). Consequently, the household context thus plays an important role in the potential of women to

participate in business and could partially explain economic and social gender gaps (Brush, Bruin & Welter, 2009). As well, the involvement of women in the informal sector, cooperatives and home-based businesses makes their participation officially limited or invisible.

ILO (2003) proposes that if women are prepared with the necessary resources, skills and opportunities to initiate a business, and if they are readily able to pursue the growth potential of these enterprises, in turn, the economy will benefit from their contribution to reduce poverty, offer greater job opportunities and generate economic growth.

1.2. Research justification

A substantial body of research has examined a variety of factors affecting firm's performance. In particular, various researches were undertaken to identify factors influencing the performance of women-led firms, as these firms seem to underperform their male counterparts (Lerner, Brush, & Hisrich, 1997; Chaganti & Parasuraman, 1994; Arasti, 2012). However, academic research in this field is inconclusive about which are the factors relevant to improving the performance of women's enterprises (Brush, 1992; Teoh & Chong, 2007; Brush, 2008).

Furthermore, research on women entrepreneurs has focused mainly on the factors that influence the creation and development of women-led firms in the developed world (Smith-Hunter, 2003; Walske, 2009); yet, in non-OECD countries and developing ones, studies of women entrepreneurs are limited. Research examining these factors is even scarcer in the Arab World, and particularly in Palestine (Lerner, Brush, & Hisrich, 1997; Jamali, 2009). This represents an important knowledge gap, as the factors affecting the performance of women-led firms in developed countries may not coincide in developing countries (Lerner, Brush & Hisrich, 1997; Bruton, 2008).

Palestine is an area that is still under-researched in the field of entrepreneurship in general. We have a very limited knowledge of the specific factors that support or inhibit the creation and development of new ventures in Palestine. Studies on women entrepreneurs were undertaken in Palestine by the government, local associations and researchers promoting female entrepreneurship. Most of this previous research has been descriptive. A study of Palestinian businesswomen focused on procedures aimed at improving their own entrepreneurial skills and those of others (MAS, 2011); other study was concerned with policies to promote female entrepreneurship in Palestine (Sadeq, Hamed & Glover, 2011); another study has examined the

contemporary conditions and expectations of women entrepreneurs (Qazzas, Murrar & Adwan, MAS, 2004). A recent study examined women's barriers to labor market participation and entrepreneurship in the occupied Palestinian territories (Al-Botmeh (2013) in addition to other issues related to women entrepreneurs.

While most of this previous research has been descriptive, the current study intends to be explanatory and utilizes a variety of techniques that have not been applied before in the study of women entrepreneurs and women-led firms in Palestine. We seek to provide a more integrated and clearer understanding of the factors that influence the performance of women-led firms and their potential to grow in hostile contexts such as the Palestine. This doctoral research will hopefully be the first in the field of women entrepreneurship in Palestine, to focus on explaining firm performance using a combination of individual and organizational factors, and controlling for contextual factors.

Palestine represents a unique context for the study of women entrepreneurs for several reasons. A remarkable decline in fertility rates and higher female enrolment in education has been registered during the last decade (PCBS, 2012). Not long ago, women took up cabinet posts in the areas of education, culture, women's affairs, communications and information technology, tourism and social affairs in the government of the Palestinian Authority. However, despite all the upheavals in the Arab world, including Palestine, women are still faced with many challenges, the most important of which are the political conflict, caste-based social and economic imbalances and gender discrimination. The rate of women participation in entrepreneurial activities is very low (GEM, 2012; Abdullah & Hattawy, 2014) and many of the enterprises owned by women are unregistered and lack basic forms of representation (ILO & AFDB, 2007). These low rates of women involvement in entrepreneurship may be due to both the nature of the Palestinian environment in general (Al-Saleh, 2011) and to the specific social and cultural challenges women face because of the roles they have been assigned in society (Abdullah & Hattawy, 2014). Cultural values, beliefs, customs and traditions put significant burdens on women's entrepreneurial activities. Women have limited property rights; they are highly dependent on the support of husband or male relatives in terms of advice, finance and encouragement (Riyada, 2008). Still discriminatory laws and traditions also affect women's inheritance, thereby reducing their economic autonomy (Azzouni, 2010). The patriarchal nature

of the society also has its limits on women mobility and networks, particularly in rural areas (Al-Botmeh, 2013) where the customary law is more visible. Notably, Palestinian women tend to behave in a highly conformist manner in economic, political and social terms (Qazzaz & Murrar, 2005).

Palestine is one of the countries that rank lowest in measures of economic prosperity and entrepreneurial opportunities (World Bank, 2011; PCBS, 2012). Many women business owners like all entrepreneurs in Palestine find there is a lack of available and appropriate business training, marketing advice and access to capital (Qazzaz, Mrar, & Adwan, 2004; Al-Botmeh, 2013). When studying entrepreneurship it is important to take into account the unique situation of the Palestinian people, who live in perilous conditions marked by a shortage of resources and socio-economic distortions. Restrictions imposed by the occupying power make the full use of human and economic resources impossible. The most important obstacles created by these restrictions are: the inability to freely access most land and water resources; the inability of free movement of people, goods and vehicles between different parts of the West Bank, East Jerusalem and Gaza strip; and the inability to freely access foreign markets (World Bank, 2010).

Most of new ventures in Palestine are created in spite of the lack of encouraging governmental policies and support in terms of funds for small businesses and entrepreneurs (Sabri, 2008). Palestinian women entrepreneurs run their enterprises mostly depending on their personal skills, and with limited resources (financial, entrepreneurial and managerial); their enterprises are characterized by being small and average in size (Qazzaz & Murrar, 2005), with low levels of growth (Sadeq et al., 2011), less competitive in the Palestinian market because women-led businesses are mostly located in traditional industries (Abdullah & Hattawy, 2014). Women enterprises are more conservative, as they are created in line with traditions of the community (Qazzaz & Murrar, 2005).

Although Palestinian women entrepreneurs are experiencing numerous barriers, some of these women responded to the need to lift their families out of poverty by entering into the labor force. Recently, it has been emphasized that many women actually provide assistance and an additional and reliable source of income for their families (ILO, 2003). As the cost of living rises rapidly, families are increasingly forced to depend on the additional income that female family

members can provide (Population Reference Bureau PRB, 2003). They tend to create their own businesses based on their own capabilities and skills to manage a business venture and the resources at hand (Qazazz, Mrar, & Adwan, 2004). However, not only the economic pressure pushed women to establish businesses, a number of women were also motivated by perceptions of self-efficacy or motivated by an external market opportunity to venture their entrepreneurial businesses (OECD, 2014); some factors are expected to impact their participation, changing preferences (e.g. the changing role of women over time) (Al-Botmeh, 2013). Thus, a number of self-employed females have also become aware of market opportunities and successfully run economic ventures (OECD, 2014).

By analyzing women's entrepreneurship in contexts like Palestine we can provide new insights about women entrepreneurship in particular and entrepreneurship in general. Lack of infrastructure and many formal markets, limited access to finance, war, political instability and conflict, together with cultural norms and traditions that restrain women's access to resources and their autonomy, turn this context into a unique laboratory for studying entrepreneurship in face of extreme adversity.

1.3. Objectives

Generally, the study is designed to identify the factors that influence the performance of businesses owned by women entrepreneurs in light of the challenges they face in the Palestinian context. The aim is to provide insights into their entrepreneurial capabilities, behaviors and the growth strategies developed and used to achieve the desired results. The examination of the entrepreneur's capabilities and personal characteristics, her ability to attract resources, exploit opportunities and manage these resources, as well as her refusal to be limited by resource scarcity could provide a deeper understanding of the behavior of women entrepreneurs in their pursuit of growth in extremely hostile settings.

1.3.1 General objectives

This study seeks to contribute to a deeper understanding of entrepreneurship in extremely adverse settings and the factors that can stimulate business performance in such contexts. Focusing on women entrepreneurs in Palestine this research aims to

- Contribute to, and reinforce scientific research carried out in Palestine as a specific context for entrepreneurial activity;
- Provide new insights for a better understanding of the reality of Palestinian women-owned enterprises and their performance.

1.3.2 Specific Objectives

Specifically, we seek to explain differences in firm performance by focusing on individual capabilities and organizational practices Palestinian women-led firms develop to respond to a resource-deprived environment. Both individual capabilities and practices developed at the organizational level to face resource needs are significant sources of variation in firm performance. This research focuses on the following issues that may affect the performance of the Palestinian women-owned firms, while controlling for the barriers female entrepreneurs face in terms of personal, network and location factors:

- How individual characteristics and capabilities of women entrepreneurs influence firm performance;
- How resource mobilization through bricolage influence firm performance;
- How different growth strategies affect firm performance;
- How bricolage supports firms to translate these growth strategies into better organizational results.

1.4. Structure of thesis and methodology

This research is structured as it follows. First we introduce the Palestinian context and then we review the literature of women entrepreneurs and particularly the studies on Palestinian women entrepreneurs. Based on this review and building on the resource-based theory we propose a theoretical model which is tested through two empirical analyses. These empirical

analyses were conducted, the first to investigate the firm's factors (growth strategies, and bricolage behavior) and the second to investigate the individual factors of the entrepreneur (self-efficacy and the entrepreneur's capabilities). The investigations were taken to improve the performance of business-owned by women, and to shed light on the entrepreneurial activity of these women who are managing their businesses in an extremely constrained environment. The final chapter includes the conclusions, implications of the study and the future studies.

The following briefly describes the content of each chapter included in the manuscript.

- The first chapter presents an introduction to background information concerning women entrepreneurship research as well as the reasons for and objectives of the study.
- The second chapter contains a description and a review of the literature concerning the Palestinian business context, the political, economic and social trends and the situation of small and medium enterprises. We used different local reports, statistical data information from the Palestinian Central Bureau of Statistics (PCBS), data information from local institutions, such as the Union of Chambers of Commerce, Industry and Agriculture, Palestine Economic Policy Research Institute (MAS), Palestinian Businesswomen Forum (PBF). Data from international reports were also used, for example, International Labor Office, Economic and Social Commission for West Asia (ESCWA), OECD, World Bank, and United Nations Conference on Trade and Development (UNCTAD).
- The third chapter presents a general review female entrepreneurship around the world, their personal characteristics, the human and social capital involved and the factors that affect their business performance. To identify these themes we used previous studies relevant to entrepreneurship and female entrepreneurs published in electronic journals, working papers, theses, and conferences proceedings, extracted from different database sources such as: PROQUEST Dissertations and theses global, ProQuest Entrepreneurship, SABE, Social Sciences Citation Index, Scopus, JSTOR and Journal Citation Reports-Social Sciences. We close this chapter describing Palestinian women entrepreneurs.
- The fourth chapter describes the theoretical model proposed which argued and tested within the next two chapters.

- The fifth chapter includes the first study about the role of bricolage and growth strategies in firm performance. In the first part we provide a brief review of the resource-based theory and bricolage. Second, we review new approaches to the firm level by linking bricolage and firm growth strategies and formulate our first group of hypotheses. Thirdly, the relationship between bricolage and firm's growth strategies variables and firm performance were tested using hierarchical regression analysis. Finally, findings suggest significant positive relationships between these variables and firm's performance.
- The sixth chapter includes the second study referred to the role of self efficacy and entrepreneur's capabilities in firm performance. We introduce the individual variables, self-efficacy and entrepreneur's capabilities, and within the resource based perspective and drawing on streams of literature concerning cognitive perspective we link self-efficacy and entrepreneur's capabilities variables to firm's performance, formulating the hypotheses corresponding to our second model. Thirdly, the relationships were tested using hierarchical regression analysis. Not all the proposed hypotheses at individual level in relation to firm's performance are supported.
- Chapter seven includes the conclusions and implications of the study, the study limitations, and future research.
- Finally the Appendixes included the following: Appendix A contains the methodological procedures, describing the research instrument used in the study, the questionnaire, a short description of the field work process, and the reliability and validity of measurement instrument (a table of the variables used in the study -items, reliability and validity assessment- is presented). Appendix B includes sample descriptive analysis, presenting the main characteristics of our sample at individual and firm level.

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CHAPTER II: THE PALESTINIAN BUSINESS CONTEXT

2.1. Introduction

This chapter presents the historical background of Palestine, its demographic and social conditions, the Palestinian economic situation and context for business and entrepreneurship, and the characteristics of women entrepreneurs in Palestine. Summarizing these basic statistics and information relevant to the country and to the state of women's enterprises, helps us to gain a better understanding of the situation of women entrepreneurs in Palestine.

2.2. Brief Background of Palestine

We cannot forget or ignore that the situation of the Palestinian society differs from any other Arab country because of the way Palestine is split into different areas, namely the West Bank and Gaza Strip. These territories have been under occupation, and this situation affects every single way of living and aspect of life in Palestine. Palestinians have no choice but to be controlled under the rules of the occupier with very little freedom. This occupation has resulted in the control of the economy, land, resources (mainly water), borders, urban planning and the people's freedom of movement, all of which has created new social relations and networks (Marrar, 2009; Food and Agriculture Organization FAO, United Nations Works and Relief Agency for Palestine Refugee in the Near East UNRWA, World Food Programme WFP, & Palestinian Central Bureau of Statistics PCBS, 2012). The Palestinian territories are composed of the West Bank, which includes East Jerusalem, and Gaza. More recently, the Palestinian territories have been administratively divided into fourteen provinces and two regions. The province is the cornerstone of the administrative structure in the Palestinian territories, with 9 provinces in the West Bank and 5 provinces in the Gaza Strip. Notably, in terms of size, there is no major urban centre in the Palestinian territories due to the lack of distributional continuity caused by geographical segmentation and Palestine's political status.

2.2.1. Land and population

Palestine is located between the south-eastern part of the Mediterranean and the Jordan River. It has been the focus of conflict throughout history due to its strategic location and its importance as a sacred and holy place for the three Semitic religions: Christianity, Islam and Judaism (Sabri, 2008). Its total area is approximately 6,020 square kilometers (Zeidan, 2010). Today, the majority of Palestinians live in parts of historic Palestine (the West Bank and the Gaza Strip), with an estimated total population that has grown to 4.62 million, 2.83 million Palestinians living in the West Bank and 1.79 million in the Gaza Strip (PCBS, 2014). The Palestinian population includes a large number of registered refugees (ESCWA, 2012); these refugees make up 43.1% of the Palestinian population (PCBS, 2014).

The Palestinian population is largely urban with 73.8% living in cities, while the percentage of population in rural and camp areas is 16.8% and 9.4% respectively (PCBS, 2012). The public services provided in urban areas are better than those in rural ones; this in turn encourages internal migration to urban areas where individuals can access higher levels of social welfare and education (PCBS, 2009).

2.2.2. The Palestinian National Authority

The creation of the Palestinian National Authority (PNA) in 1994 offered the Palestinian people the hope of self-determination, sovereignty, and an independent Palestinian State. The PNA was established in accordance with the Oslo Accords which were signed between Israel and the Palestinian Liberation Organization (PLO) in 1993 and were to be a temporary mechanism for self-determination for Palestinians living in the West Bank and Gaza (Zanotti, 2014, 2010). The PNA was to inherit the administration of the occupied Palestinian territories (excluding East Jerusalem), and, with this, be able to direct education, and economic policy for first time (Centre for Development Studies, 2010). It was a challenge for the Palestinian Authority to take responsibilities under conditions of particular complexity and exceptionally difficult circumstances in order to build public institutions capable of promoting good governance (Sayegh & Shikaki, 1999).

2.3. Demographic and social considerations in Palestine

A discussion of demographic and social characteristics might provide a better understanding of the Palestinian community. Population trends, education, poverty and unemployment are indicators that can provide a general view of the Palestinian community and the Palestinian labor market.

2.3.1. Population trends

Youth comprise one third of the total Palestinian population (PCBS, 2014), however, the rise in this age group possesses a major challenge throughout the country, which is faced with the necessity of providing education and employment to large cohort of children and youth. Growth in this age group is also attributed to high fertility rates among women (Palestinian National Authority & PCSB, 2010).

According to results of the Family Health Survey 2010, the total fertility rate in Palestine declined to 4.1 births during 2011-2013 compared to 6.0 births in 1997 (PCBS, 2014). Females aged 25-29 years are the highest contributors to the birth rate representing 26% of the total fertility rate in Palestine (PCBS, 2014). In spite of this decline in fertility rate, it remains among the highest in the world (PCBS, 2013; ESCWA, 2009). The decline in fertility level might be attributed to improvement in reproductive health care and increase in the use of family planning methods (ESCWA, 2012) or to the fact that, for the modern generation, living in the light of economic and political crises, increasing awareness, reduced opportunities for jobs and livelihood security distract from frequent child birthing.

The phenomenon of early marriage is widespread in Palestinian society, however the increasing level of educational attainment has increased the average age of marriage (Social & Economic Monitor 2011) as better educated women are more likely to get married later (ESCWA, 2012). Recent data indicates that the average age of marriage has increased to 20 years by the year 2011 compared to 18 years in the year 1997 (ESCWA, 2012).

According to PCBS statistical data of 2012 concerning households, 9.6% of households were headed by females in Palestine with 10.4% and 7.9% in the West Bank and Gaza strip,

respectively. The size of female-headed households was relatively small, with an average size of 2.9 persons compared to 5.9 persons for families headed by males (PCBS, 2013).

These demographic trends drive policy makers to support employment creation as part of any strategy to address the slow economic recovery that the country is experiencing. Hence, population growth has significant effects on the social and economic development of the country (ESCWA, 2012).

2.3.2. Education

Education is an important social factor in the development of any country. Under occupation, with lack of natural resources, Palestinians' only asset is human capital (Tarazi, 2014). Palestinians, in general, place great importance on education. All through their modern history, Palestinians have always valued education highly (United Nations Educational, Science, and Cultural Organization UNESCO, 2007), not only as a means to increase employment opportunities and living standards, but also to confront Israel's attempts to destroy Palestinian identity and culture (United Nations Development Program (UNDP), 2012). Thus, the focus on education in Palestine is due to a need to preserve Palestinian identity by investing in human resources instead of land in the hope that education can be used in a positive way to fight the occupation (Nicolai, (UNESCO), 2007).

Enrolment in higher education has increased significantly; these enrolments have grown 4.5 times over between 1993 and 2009 (Al Subu', 2009). About one-third of the Palestinian population is made up of students at all levels of education (UNESCO, 2007). Enrolment rates amongst Palestinians are relatively high by regional and global standards. According to a youth survey in 2003, 60% between the ages (10-24) indicated that education was their first priority. Youth literacy rate is another indicator to ascertain the high value of education in Palestine, these rates comprise 98.2% between the ages (15-24), while the national literacy rate is 91% (World Bank & Bisan Center for Research and Development, 2006). Over the past decade, there has been a remarkable improvement in the educational level of Palestinians aged 15 years and over. Considerable progress has been made in illiteracy rates that have dropped from 15.7 % in 1995 to 4.1 % in 2012 and to 3.7% in 2014 (PCBS, 2014). And a considerable progress has been made in female literacy; PCBS (2011) estimated the illiteracy rates of women at 7.4%, compared to

20.3% in 1997. However, this educated workforce is not correlated with economic productivity; there are important mismatches between education profiles and the labor market, with substantive gender differences (Al-Botmeh, 2013).

Palestinian women make up almost 50% of Palestinian population. Female's presence has increased at all levels of education. They comprise a large numbers of students enrolled in primary level (49.5%), in secondary level (54.2%), and a major female presence in higher education (57.2%) in the year 2010-2011 (PCBS, 2013). A significant progress has also been seen in educational attainment for women who gained a bachelor degree or above which increased from 2.5% in 1995, to 10.9% in 2012 and to 11.6% in 2014 (PCBS, 2014).

More generally, higher female enrolment rates in tertiary education-vocational or academic- does not seem to help these women in the labor market, partly because their education choices are limited to a few domains such as humanities, social sciences and education (Al-Botmeh, 2013). Palestinian women's job opportunities are poorer than those of men also perhaps due to the overall patriarchal nature of the society, the fact that labor markets continue to be dominated by men, and for cultural reasons (Raheb, 2011).

However, as the number of educated females receiving education increases, so do their awareness, demands and ambitions; this has definitely altered the traditional role of women in urban areas but this may be not happening at the same pace in rural areas (Velloso, 1996).

2.3.3. Poverty

Palestinian society faces significant levels of poverty and unemployment with the weakening economy leading to a decline in living standards and threatening the ability of some Palestinians to fulfill the needs of their families (United Nations New Services, 2007). The poverty rate among Palestinian individuals was 25.8% (17.8% in the West Bank and 38.8% in Gaza Strip), according to PCBS (2013). Data on consumption levels revealed that 12.9% of individuals in Palestine were suffering from extreme poverty in 2010, with 7.8% in the West Bank and 21.1% in Gaza Strip (PCBS, 2013).

There is a gender gap in poverty rates. One study has pointed out that poverty is more widespread in households headed by women and those dependent on a single breadwinner; in 2012, it was reported that women who live in deep poverty accounted for 13.3%, compared to 12.4% for men (ESCWA, 2012). In this respect, the creation of more job opportunities would contribute to poverty reduction (Aweidah, 2010).

More than a quarter of youth in Palestine suffered from poverty during the year of 2011, as tightening of Israeli policies pushed the Palestinian territories into poverty, restricted access to resources, low wages, and the reduction in employment generation in both public and private sectors (PCBS, 2014). In addition to unstable and declining employment opportunities in Israel as well, by the year 2011, this situation provoked a sharp drop in foreign aid, which for years had provided vital support. This dimmed any hope of progress for even the longer term (United Nations Conference on Trade and Development (UNCTAD), 2012).

Due to the unstable situation of the political issues between the two parties, the Palestinians and Israelis, closure and movement restrictions imposed by Israel either limited or prohibited access for Palestinian people to the Israeli market or other supplies and services. These policies led to the decline in job employment opportunities and also to the loss of many jobs for a number of Palestinian workers in the Israeli labor market. This situation added to the drops in foreign aid reduced the capacity of the Palestinian Authority to provide the necessary job employment opportunities and salaries to its employees.

The Palestinian society relies on external financial aid more than on its own resources. Threatens of cutting these financial aids and loans in response to the political instability put the Palestinian Authority at the mercy of others and mortgage all of the Palestinians issues to the international community.

2.3.4. Unemployment

The Palestinian economy has suffered from very high rates of unemployment for a long time. Particularly, the Israeli closure policy and a long legacy of dependence on the Israeli labor market have led to the suffering of the Palestinian labor market. Restrictions on the movement of people not only resulted in unemployment for a large number of Palestinian workers by

preventing access to work but also led to fewer employment opportunities by slowing down economic activity in the Palestinian market (UNCTAD, 2012).

Using ILO standards, the highest unemployment rate by the year 2012 was 35.6% among youth aged 20-24 years. The unemployment rate among females with 13 years of schooling or more was 42.6% (PCBS, 2012). A woman's job opportunities have thus obviously diminished, and are not enhanced by education and training (Raheb, 2011). In 2012, the corresponding overall unemployment rate increased from 21 to 23 per cent, reaching 32.9 per cent for women and 20.6 per cent for men (ILO, 2013; UNCTAD, 2012).

2.4. Overview of the Palestinian economy

Palestine is often described as having a small economy characterized by a highly educated workforce, large inflows of donor aid and a favorable strategic position in the region. However, none of these characteristics have resulted in the creation of a successful economy due to strict Israeli control over Palestinian territories since 1967 and the limited self-rule of the Palestinian Authority established in 1994. This has placed restrictions on Palestinian economic policies, resulting in long-term economic imbalances: resource gaps, a skewed labor market and an unhealthy dependence on external aid (Taghdisi-Rad, 2010).

Historically, the Palestinian economy has been marked by instability (Qazzaz, Marrar & Adwan, 2004). Despite the efforts made by the Palestinian National Authority (PNA) to leverage the national economy, Palestine still suffers from deep-rooted poverty, unemployment, and a shrinking economic base (Sadeq, Hamed, & Glover, 2011). This decline in the Palestinian economy continues, with annual average economic growth of over 8% between 2007 and 2011 falling to 1.9% in 2013 and recording negative growth (-1%) in the first quarter of 2014, as Palestinian businesses have been crippled by restrictions on the movement of people and goods.

Restrictions caused by the political situation continue to be the major impediment to economic growth in Palestine. Uncertainty and the lack of optimism together with internal constraints have also contributed to economic stagnation (The Portland Trust, 2013). The weakness of the economy is a result of long-term structural distortions fuelled by decades of occupation.

The Palestine Economic Policy Research Institute (MAS) has highlighted the considerable transformation of the Palestinian economy, which has shifted to services and construction at the expense of the domestic industrial production, since 1994, twenty years after the signing of the Oslo Accords and the Paris Economic Protocol between the Palestinian National Authority and Israel. These structural distortions have been due to the absorption of investment by the non-tradable goods sector, mainly services and house construction, at the expense of the relatively employment-intensive sectors of agriculture and manufacturing (United Nations Conference on Trade and Development, UNCTAD, 2014). The service sector accounts for two thirds of the GDP, while the agricultural sector's share has declined from 72% in 1994 to around 4-5% of GDP currently. Previously, agriculture was a major contributor to GDP and accounted for a considerable proportion of employment. However, in recent decades, Palestine has been transformed from an agricultural economy into a service economy (Elkhafif & Daoud, 2005). The contribution of the light manufacturing sector is negligible, accounting for just 4% of GDP and total employment (UNCTAD, 2014).

According to the PCBS (2014), the share of services in GDP increased from 25% before 1994 to about 58% by the end of 2012. The contribution of construction increased two-fold to 14%, while agriculture declined to less than 5%. The industrial sector accounted for 22.3% of GDP in 1994 and less than 12% in 2012. Thus, the continuing focus on services and construction, which are less dynamic than agriculture and manufacturing have limited potential for job creation, technological innovation and expansion (UNCTAD, 2014).

The share of exports of goods produced in the Palestinian economy, which fell from around 10% in 1996 to 7% in 2011, is one of the lowest in the world. Moreover, Palestinian exports are highly concentrated in low value-added goods and services and are exported to a handful of countries, with Israel accounting for more than 85% of the total. Even after external restrictions had been removed, the poor state of the Palestinian economy limited its capacity to sufficiently take advantage of export opportunities in the absence of adequate resources (World Bank, 2013).

Many economic policies have been adopted to strengthen the economy, involving, in some cases, support for institutions to withstand the occupation. Others have sought to develop a

survival-based economy by supporting small labor-intensive enterprises. Yet others have focused on nurturing handcraft and agricultural activities which could create a wide range of employment opportunities to absorb the growing labor force (Shabaneh & Alsaleh, 2009). The state also promotes development through institutions operating in different sectors of the economy in order to increase average personal income and to satisfy people's needs. However, none of these strategies have led to significant improvements in the economy.

Economic opportunities for women in Palestine have been limited by structural problems and Israeli occupation (ASALA, 2010). The cultural and traditional values shaping Palestinian society have created a more conservative business environment (ASALA, 2010). Israeli occupation has imposed a permit system, road closures, a prohibition on entering land in the West Bank and, most notably, has constructed a separation wall. Following the increase in male unemployment, women have begun to use coping strategies by augmenting the family budget and have sometimes even become the family's principal breadwinner (Qazzaz, Mrar & Adwan, 2010). All segments of Palestinian society today, particularly women, clearly need to be economically empowered to actively participate in the labor market (ASALA, 2010).

2.4.1. The Labor Market: Characteristics and Challenges

According to the World Bank, Palestine is a typical investment-constrained economy (World Bank, 2007), where, although the level of human capital is high (ILO, 2013), the employment market continues to be unstable (Miaari & Sauer, 2006; World Bank, 2014).

The Palestinian labor market has been badly affected by events such as the first Intifada (1986-1993) and the second Intifada in 2000, which have had an extremely adverse impact on the employment situation (Elkhafif & Daoud, 2005).

The Palestinian labor market is characterized by a very young population with a high rate of unemployment. Insufficient investment and high levels of political instability have reduced the capacity of the labor market to absorb new entrants. Unemployment rates have increased and remain high, fluctuating at between 21% and 24% between 2010 and 2013 (Brodmann et al., 2012).

With low participation rates and high rates of long-term unemployment, many Palestinians of working-age are unable to develop on-the-job skills. Furthermore, the predominance of small commercial and service-oriented enterprises is not conducive to the development of skills that would make Palestinians more competitive in the global economy (World Bank, 2013).

In the West Bank, approximately 52% of salaried employees work in the private sector, 25% in the public sector, and 23% in Israel (PCBS, 2014). International donors together with the PNA have continued to try to meet the everyday needs of the population (Brown, 2003). However, donor aid, on which the Palestinian economy remains heavily dependent, fell far short of the levels promised in 2012 (ILO, 2013). Consequently, social unrest increased (World Bank, 2012) as three-quarters of young people were either in education or unemployed and 18.4% of young people (31.4% of young women) were neither employed nor in education (ILO, 2013). This has led to a need to create jobs in the private sector, which crucially requires access to productive resources and markets (ILO, 2013).

In the early 1970s, the Israeli labor market opened up to Palestinians from the West Bank and Gaza. This led to a withdrawal of young Palestinian men from education, as the higher wages offered in Israel, coupled with the introduction of a cash-based system with the transformation from a fundamentally agrarian to a service economy, constituted pull and push factors for joining the workforce (Elkhafif, & Daoud, 2005). The transition to a service economy has reduced the agricultural sector's share of employment (UNCTAD, 2014).

Following the Oslo agreement (1993-1994), although the public and private sectors have provided jobs, employment growth has been insufficient to absorb new labor market entrants (International Monetary Fund IMF, 2012). This period also witnessed a sharp increase in population growth due to the return of a large number of Palestinians after the establishment of the PNA. Many of these returnees were employed by the security forces and the Palestine Liberation Organization (PLO). The public sector has created opportunities for many educated Palestinians (Daoud, 2005). On the other hand, the Palestinian Authority's dependence on international donor assistance to fund essential services not only makes it vulnerable to aid reductions but also means that it has fewer resources for long term development. Sustainable

growth requires investment in the public and private sectors to generate the jobs needed by a rapidly growing population and the resources required for government services (World Bank, 2012).

The need to develop alternative solutions and viable support systems to absorb new labor market entrants has led international development institutions to develop matching grant schemes to reduce the investment risks involved in this highly uncertain environment and to encourage small and medium-sized companies to upgrade their skills, develop new products and to enter new markets (Nasir, Muthaffar & Kacem, World Bank, 2012). These enterprises play a critical role in the Palestinian economy (Almadhoun & Analui, 2003) and could set the economy on a path to recovery and sustained development. Overall, sustainable economic development requires appropriate Palestinian economic and institutional development policies, access to Israeli, Jordanian and other foreign markets (Fischer, 1993) as well as the participation of all segments of Palestinian society.

2.4.2 Status of Women Participation in the labor market

Up to the beginning of this century, patriarchal authority relationships and tribal clan structures in Arab countries restricted the development and meaningful societal participation of Palestinian women (Nussaiba, 1997). Studies have indicated that Palestinian women share similar problems with their peers in the rest of the Arab world, with the tribal and family unit still playing an important role in Palestinian society (Atallah, 2012).

Palestinian society, like other male-dominated, patriarchal Middle Eastern societies, is marked by injustice and inequality in relation to women, which has prompted many organizations to identify the needs of Palestinian women in order to alleviate their suffering through the provision of services in the form of development and culture awareness programs to reduce poverty, illiteracy or violence.

The reality of Palestinian women is substantially different from that of other Arab women due to the historical context. Palestinian women are faced with three major challenges (a) the national struggle against Israeli occupation, (b) caste-based social and economic disparities, and (c) gender discrimination in a society dominated by traditional culture (Qazzaz & Marrar, 2005). A complex set of internal and external factors have determined the situation of Palestinian

people, including women, who have had to pay the price of occupation in terms of physical and emotional stress at a personal level (ESCWA, 2009).

In the Palestinian community, family structure depends mainly on men who have the power and control over the family's financial decisions, and are the main contributors to family financial income. It is customary for males in the family - husband, brother or father - to provide a home and take care of women's financial needs even for women in the extended family (Hamdan, 2013).

Recently, political and economic changes, as well as changes in cultural views towards the role of women in society seem to lead to social changes. The participation of women in the labor market became a demand (Aweida, PCBS, 2010). It helps to satisfy the financial needs of the family and contributes to alleviating poverty (Aweida, PCBS, 2010).

In Palestine, women's participation in economic activity is one of the lowest in the world (IDRC, 2010). As indicated previously, female participation rates remain low when compared with rates of male participation, with only 17.4% of females participating in the labor force in Palestine (PCBS, 2014). Female participation rate is lower than the regional rate, which is 29% in the MENA region and 52% at global level (ESCWA, 2009).

Despite the achievement of high levels of equality in education by Palestinian women, their actual contribution to the economy continues to be limited due to the prevalence of traditional conservative attitudes. Political, social, economic, cultural and educational factors constitute an important challenge to the role played by women in the society; their participation in political and social life is influenced by traditional patriarchal values (Nusseibeh, 1997). The values and norms associated with traditional ideas of femininity and motherhood strongly influence the socialization of girls (AbuDahu, 2003). Therefore, patriarchal norms regarding the role of women continue to restrict their participation in the labor market. It is assumed that women are only secondary income earners, with their husbands, fathers and brothers as the main breadwinners (MDGIF, ILO, 2010). As a consequence, women's work is considerably undervalued (Al-Saleh, 2010).

All these factors have influenced women's involvement in the labor market. Even though Palestinian legislation grants women the right to work, it is often not enforced (Al-Saleh, 2010). Work generally has a positive effect on the health of women and men and on the well-being of households, communities and economies (WHO, 2011). Women's involvement in the workforce would improve the physical and psychological health of children by enhancing the economic situation of households and by opening up new employment opportunities, thus contributing to poverty reduction (Aweidah, 2010). The involvement of women in new areas of employment helps to reduce their dependence on men, while the number of breadwinners in each household increases (PCBS, 2010). As women's participation in the labor market increases, child labor tends to decline due to the improved economic situation.

Despite the efforts made to promote female participation in the labor force, one study has reported that, in addition to cultural factors influencing women's entry into paid employment, the low Palestinian female workforce participation rate is also associated with factors such as low wages and involvement of women in the marginalized employment sector (unpaid female labor, for example, women who are working in family-owned enterprises or farms) (Shabana & Al-Saleh, 2009). The low participation rate can be attributed also to the presence of a high number of children less than 6 years of age in households and husbands' income (Daoud, 1999). Other factors that prevent women from entering the labor market include the limited number of opportunities for them in the formal economy (Esim and Kuttub, 2002) and the wage pay gap between male and female workers doing similar jobs at all levels and in all sectors.

These limited opportunities in the formal labor market and the need to engage in some form of income generation as a part of household survival strategies, lead to a high participation of women in informal employment in Palestine. Women's informal employment is mainly unskilled, based on traditional occupations or an extension to their traditional roles in the housework, and does not generate high income. Women's informal employment in the Palestinian context is mainly confined to a series of survivalist activities with limited financial returns (Esim & Kuttub, 2002).

There are a high proportion of educated women outside the labor force in urban areas in the West Bank and Gaza, with half of these women having completed more than ten years of

formal education and 13.5% having completed over 13 years of education. Statistics show that the main reason for women remaining outside the labor force is their role as housewives. Another reason for women's lack of participation and active search in the labor market is their previous fruitless search for jobs (Al-Saleh, 2011).

There is also a relationship between non-participation in the labor force and these women's place of residence (rural areas, refugee camps and urban areas). Statistics show that there is a higher percentage of women outside the labor force in urban areas (72.6% in 2010) than in other areas (Al-Saleh, 2011). The role of the place of residence as a determinant of female labor force participation is an important demand side factor because it indicates the capacity of certain economic sectors to generate more employment than others. For example, women living in rural areas have access to family-owned land and the work opportunities availability for them are more visible (Al-Botmeh, 2013).

Women also avoid working in certain sectors, for example, construction and transportation (Al-Botmeh, 2013), and they are generally concentrated in non-leadership or legislative occupations in the society (Al-Saleh, 2011). Government agencies need to encourage their participation by increasing training opportunities to provide them with appropriate skills (Shabaneh & Alsaleh, 2009). In general, the presence of women in Palestinian public life is limited. For instance, in 2010, women accounted for approximately 5% of the Palestinian National Authority's ambassadors, roughly 12% of judges, 15% of lawyers, and about 7% of trade union members (PCBS, 2010).

Women outside the labor force worldwide tend to be older and less educated, while Palestinian women outside the labor force are younger and highly educated (Shabaneh & Alsaleh, 2009). Women outside the labor force constitute an inhomogeneous group that changes according to geographical and other social indicators (Al-Saleh, 2011).

In response to these challenges, associations have been established to empower Palestinian women and to strengthen their role in the economy by providing opportunities for them to become economically independent (ASALA, 2006). The Palestinian National Authority (PNA) has made some progress in promoting women's participation in the labor market over the last ten years. While much remains to be done in relation to participation, wages and

unemployment (Al-Saleh, 2011), on the whole, substantial and sustainable economic development can only be achieved if women are economically empowered in relation to men (ASALA, 2010).

2.5. Enterprises in the Palestinian Economy

From a global perspective, small businesses have acquired considerable importance in national economic development (OECD, 2014). Their role in the economy extends far beyond employment creation to include growth in investment, output, income, productivity and exports (Alsaaty, 2011). Globally, small businesses are an important part of a nation's economic and social structure (Latif, Nazar & Shah, 2011). MSMEs greatly contribute to growth and development as they play a significant role in boosting GDP and living standards, encourage domestic investment, recycle national income and reduce unemployment rates (Sabri, 2010). Moreover, from the perspective of individual consumers, MSMEs are particularly well suited to provide reasonably priced products and services that are appropriate to the domestic market. It is also argued that MSMEs are a viable mechanism for increasing national exports (Sabri, 2010).

The economic base of any economy could be said to be its small and medium enterprises. These have become the focus of attention and efforts on the part of most governments of developing countries whose aim is to support these ventures, given their major role in increasing production and employment (Sabri, 2008). Due to the importance of these micro, small and medium enterprises (MSMEs) to national economies and the global economy, interest in the various dimensions of small-scale commercial activity is increasing also in academic circles (Sabri, 2010). This sector carries great hopes and great burdens (World Bank, 2014).

In Palestine, economic development has become an integral part of overall development efforts (ASALA, 2010). The development of Palestinian economic institutions and access to Israeli, Jordanian and other foreign markets for Palestinian products are important prerequisites for sustained economic development in the Palestinian territories (Fisher, 1993). After the Palestinian National Authority became aware of the importance of such projects to economic development, it initiated various studies on how to support and encourage MSMEs (Melhem, 2010). The World Bank also supports micro and small businesses and encourages job creation through a loan to Palestine for credit and development.

It has been pointed out that, to achieve their objectives, small businesses need to strengthen both the internal and external business environment (Alkali & Isa 2012), i.e. the factors affecting their performance (MAS, 2010). However, it is worth noting that most entrepreneurial initiatives in the Palestinian territories are at the start-up or new-business stages (Abdullah & Hattawy, 2014). In such an environment, entrepreneurs may need to rapidly upgrade their businesses, in accordance with changing conditions, through intensive training programs (Rae, 2004).

The proportion of MSMEs in Palestine is similar to that of other developing countries. In general, these MSMEs serve as a primary source of employment, attract investment and are crucial for increasing economic prosperity (Sabri, 2008). One study has shown that small and medium enterprises constitute 95% of existing firms in Palestine and are the largest employers (Melhem, 2010).

The vast majority of businesses in the Palestinian Territories reflect the fragility and vulnerability of the Palestinian economy and its dependence on personal investment which is adversely affected by a shortage of capital (PCBS, 2004). Palestinian entrepreneurs seek financial support from their families, relatives, micro-finance institutions, government programs and investors (MAS, 2011). The majority of economic establishments are concentrated in urban areas (PCBS, 2004).

2.5.1. Characteristics of Enterprises in the Palestinian economy

Small-medium enterprises SMEs are generally conventional in nature and market their products and services locally (Atyani & Alhaj Ali, 2009). These small and medium enterprises are flexible in terms of adapting easily to market fluctuations and responding to demand and innovation. In the context of Palestine, family-run firms are the ones that prove to be the most successful (Sabri, 2010).

Despite the important contribution of SMEs to the national economy, this sector faces a number of difficulties such as the absence of timely banking finance, limited knowledge and skills, ineffective marketing and modernization, and growth constraints; hence, the sustainability of small and medium businesses is a matter of serious concern. Most enterprises continuously

strive to achieve customer satisfaction through business efficiency and effectiveness that require the whole staff of the business to be involved in improving quality (Baidoun & Zairi, 2010).

These enterprises are faced with numerous obstacles to their development; they have been operating in a weak legal environment with inefficient financing opportunities, tight resources, a weak marketing ability and limited access to markets (Atyani & Alhaj Ali, 2009). Donors, the Palestinian Authority (PA) and the United Nations Relief and Works Agency (UNRWA) have recognized that many managers of MSMEs are weak in certain skills and need to be trained in order to promote the development of their businesses and to alleviate the problem of unemployment.

Although there are many potential opportunities and reasons to invest in the industrial sector in Palestine, it is still adversely affected by a number of obstacles to growth. It has institutional problems in the areas of administrative and financial management, production, quality, competition, know-how and export difficulties in addition to the major problems of political instability and mobility restrictions (USAID, Palestinian Federation of Industries PFI, 2009).

The international community has promised to assist the Palestinian economy as part of the peace agreement and some of this aid has gone to SMEs and has funded management training programs. Nevertheless, many managers of MSMEs continue to be weak in terms of management skills (Al-Madhoun, & Analui, 2003). Baidoun & Zairi (2010), as cited in McAdam & Kelly (2002), have reported that success in the market place requires all elements of the business to work together effectively towards clearly defined goals (Baidoun & Zairi, 2010).

In the year 2010, 4.01% of Palestinian entrepreneurial businesses have been reported to have closed down mainly due to poor profitability, lack of finance or personal reasons (MAS, 2011). In addition, high transportation and communication costs reduce the competitiveness of domestically produced goods in both domestic and foreign markets (Zaidan, 2010).

2.6. Business environment for entrepreneurship

In the Arab world, the business environment has become more uncertain (International Labor Organization, 2011). The Arab Labor Organization (ALO) has pointed out that unemployment trends coupled with population growth highlight the need for job creation (AHDR, 2009), particularly in Palestine. It has been reported that the main explanation for the

low forecast rates of employment growth as compared with other countries in the region is the restrictions caused by the Israeli occupation and the relatively short existence of the Palestinian Authority (Sadeq, Hamed, & Glover, 2011). Although Palestine has very limited resources, it continues to have highly renewable human capital (USAID, 2009).

Palestine lacks the suitable environment for entrepreneurship in all its regions. As well, in all categories of its population, people pay a high price because of the disruption in the use of resources and entrepreneurial capacities (Abdullah & Hattawy, 2014). The political conflict with Israel has led to instability in economic and social conditions for Palestinians (ESCWA, 2009), as this situation deprived Palestinians from taking advantage of natural resources or from exploiting the needed key ingredients for leveraging the economy (Applied Research Institute Jerusalem, 2011).

In this difficult environment, with the colonial occupation by Israel combined with the absence of an independent state and national sovereignty, structural changes have been imposed on society as a whole, resulting in structural deformities and limitations that coexist (Kuttab, 2010). This unstable political situation, and its negative impact on the economy, is one of the major challenges faced by entrepreneurs wishing to set up businesses in Palestine (ASALA, 2006). Moreover, the separation wall that divides much of the West Bank and Gaza, in addition to the restrictions on mobility, have been either ignored or underestimated as factors influencing Palestinian development (Kuttab, 2010).

Although education and literacy – indicators of a relatively high level of human capital - are among the highest in the Middle East and North Africa, Palestine lacks a suitable environment for entrepreneurial activities in general. Also, the lack of a national airport and seaport prevents access to foreign markets and increases transaction costs. Poor performance of infrastructure sectors has also had a negative impact on the Palestinian economy; the accumulation and management of physical infrastructure is severely constrained; restrictions on movement and access have also led to the deterioration of quality of infrastructure as evidence in various sectors such as water, transport, and telecommunications (World Bank, 2013).

Many economic measures have been applied to strengthen the economy, some of which have helped to withstand the rigors of occupation, while others promoted a survival-based

economy of small enterprises focused on labor-intensive activities. Other approaches have focused on supporting handicrafts and agricultural institutions which are capable of providing large numbers of jobs and of absorbing surplus labor (Shabaneh & Alsaleh, 2009).

According to PCBS, the percentage of female employers is lower than that for men with 1.4% and 7.4% respectively (PCBS, 2011). Despite the low rate of female entrepreneurship in Palestine, they employed 5.6% of the total Palestinian employed persons (Abdullah & Hattawy, 2014).

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CHAPTER III: WOMEN-OWNED BUSINESS IN PALESTINE

3.1. Introduction

In this section, we review current literature on entrepreneurship, particularly focusing on women's entrepreneurial activity worldwide. We highlight women entrepreneurs' characteristics at individual and business levels, the factors affecting their business performance, and the variety of barriers women face in running and expanding their businesses. Relevant data and journal articles regarding women entrepreneurship and businesses owned by women are reviewed. We also consider women-owned businesses in Palestine, including individual and business characteristics. Data concerning Palestine from international sources, such as the World Bank, the Global Entrepreneurship Monitor and the United Nations, are also used.

3.2. Overall View of Women Entrepreneurs

The field of entrepreneurship has traditionally been considered a male-dominated field (Stevenson, 1986). However, over the past three decades women-led businesses have experienced a significant growth rate in developed countries (Hisrich & Brush, 1983), and similar trends are also found across the developing world (Minniti & Naudi, 2010).

In 2012, 126 million women were estimated to be starting or running new businesses over 67 economies around the world, and 98 million were estimated to be running established firms (GEM, 2012). According to the Global Entrepreneurship Monitor's findings on attitudes to entrepreneurship, three quarters of female respondents from Latin America, the Middle East/North Africa (MENA), and the Sub-Saharan region of Africa agree that entrepreneurship is a worthwhile career option (GEM, 2012).

When comparing economic trends in different developed and developing countries, factors that affect women's entrepreneurship such as access to financial resources, geographical context, characteristics of employees, the role of government, legislation, taxation, and regulation, as well as critical factors such as infrastructure and free trade, differ significantly

(Arinaitwe, 2006). Hisrich and Ozturk (1999) indicated that although women entrepreneurs demonstrate many similarities in non-OECD and developing countries with their counterparts in other countries, there are differences in aspects such as motivation to start a business venture and the problems they encounter when setting up their firms. Most of the women in developing countries face many constraints that prevent them from becoming entrepreneurs and expanding their businesses (Tambunan, 2009). They are often confronted with the lack of government support in terms of policy, laws, and services (Jamali, 2009). Even though these trends vary greatly across countries, most research emphasizes that barrier in terms of regulations, taxation and legal issues can pose serious obstacles for running a business venture.

In recent years, the number of businesses owned by women has increased, although women continue to be underrepresented in high-growth activities sectors (Arasti et al., 2012). More gender diversity would help promote innovation and competitiveness in business environment (OECD, 2014). However, women's involvement in business requires specific support actions to make their contribution more efficient. For this reason, in their pursuit to raise the proportion of women entrepreneurship in developing countries, and because women entrepreneurship is essential for growth and development in any economy; donors, international public institutions, national and local governments and business associations have initiated programs for capacity building, development of entrepreneurial skills, increase women's networks, provision of appropriate sources of funds and trainings, and plans to encourage start ups and business growth (Vossenbergh, 2013).

Particularly, women in the Middle East, as in many other parts of the world, continue to struggle against inequality and constraints in terms of economic participation and family roles, caused by traditional culture in many cases (Hattab, 2011). Women around the world face discrimination with respect to access to land, housing, and other resources (United Nations, 2009). In terms of gender disparity, these constraints highlight the extent to which the business environment is hostile to women's work and economic participation, and thus makes their economic contribution rates lower than those men (Hattab, 2011).

Although research has highlighted certain similarities between men and women entrepreneurs in terms of personal demographics and motivation, they differ with regard to the

choice of business and industry, financial strategies, growth patterns, and organizational structure (Greene et al., 1999). Women tend to possess also less working and business experience (Minniti & Naudi, 2010). Therefore, better opportunities for women to produce and control income could contribute to broader economic development in developing economies; equal access to productive resources also could yield substantial output gains and raise the productivity of female-owned businesses (World Bank, 2011).

3.2.1 Women's Entrepreneurial Activity

In recent decades, important changes have led to a considerable reduction in gender discrimination (Arasti et al., 2012), as evidenced also by the increase in women's entrepreneurial activity around the world (Avolio, 2011). More and more women are taking advantage of economic opportunities and are becoming more independent by creating their own businesses (Al-Alak & Al-Haddad, 2010). However, regardless of the country in question, men are more likely to become involved in entrepreneurial activity than women (GEM, 2006), and businesses owned by women have been found less likely to grow and more likely to merely survive (Lee & Stearns, 2012).

Regarding participation rates, the Global Entrepreneurship Report for 2012 indicates that the ratio of male to female participation in early-stage entrepreneurial activity varies considerably between countries; for example, in Egypt, Palestine, and South Korea, less than one-fifth of entrepreneurs are women (GEM, 2012). In many cases opportunities and incentives are unfavorable to women to start a business, even when they have the right abilities and knowledge (Minitti, 2009).

The report also defines the total entrepreneurial activity (TEA) rate as the percentage of individuals aged between 18 and 64 who are starting or have already established a new business (GEM, 2012). It found that, in economies with low GDP per capita, TEA rates tend to be high, with a relatively large proportion of necessity-driven entrepreneurship. In high income economies, opportunity-driven entrepreneurship is more common (GEM, 2012). In the most developed economies, 72.3% of women started businesses because they recognized opportunities

rather than on the basis of a need for a source of income or the absence of other job opportunities, as in emerging and developing economies (GEM, 2010).

Although research on entrepreneurs and entrepreneurial activity has adopted many different approaches to explore the characteristics of businesses owned by women, a comprehensive picture has not emerged (Stevenson, 2010). Women differ with respect to their personal and business profiles: they run businesses in different sectors, develop different products, pursue different goals, and structure their businesses in different ways (Fischer, et al. 1993; Brush, 1992; Chaganti & Parasuraman, 1996; Verhul & Thurik, 2001).

Women enter entrepreneurship for many of the same reasons as men, such as to support their families, enrich their lives, and to attain financial independence (GEM, 2012). The characteristics of businesses owned by women differ from those for men, with the former being more likely to establish small-scale businesses with lower-growth expectations (Brush, 1992). This has been found to be the case in both developed and developing economies (GEM, 2010).

In sectorial terms, according to GEM data, women focus more on services, particularly those with a consumer orientation. They are more likely to operate in industrial sectors with low value added and low growth potential (USAID, 2013). One explanation for this disparity is that businesses owned by women are primarily to be found in the retail and service sectors and are relatively smaller in employment and revenue terms as compared to the high technology, construction, and manufacturing sectors (Anna et al. 2000). Women's involvement in these sectors partly reflects gender differences in education and professional experience (U.S. Department of Commerce Economic and Statistics Administration, 2010). The gender gap in entrepreneurship measured also by industry choice can be very well explained from social norms as to what kind of businesses are appropriate for either men or women to pursue, and the fact that consumer-oriented businesses typically have low entry barriers and require less capital investment at startup (Vossenber, 2013).

A study of businesswomen in Latin America and the Caribbean, for example, indicates that they mainly operate in the services and manufacturing sectors, with a particularly strong presence in the commerce sector (World Bank, 2010). Similarly, a study of businesswomen in

five Middle Eastern countries shows that women tend to own firms in the service, retail trade, and non-durable manufacturing sectors (Weeks, 2009).

High income economies provide stable employment for many people in large established firms and have more resources and prosperous markets, which increases opportunity-motivated entrepreneurship (GEM, 2012). The Global Entrepreneurship Monitor (GEM) has indicated that, in factor-driven economies where entrepreneurs become involved in business activities due to a need for a source of income, they are motivated by necessity caused by limited employment opportunities or job losses (GEM, 2010). However, entrepreneurial activity varies substantially between countries. In MENA countries, different perceptions of business opportunities and the skills required have been observed. The factor-driven group of countries had the lowest expectations among individuals who believed that worthwhile opportunities existed (GEM, 2010) and were also found to have low rates of TEA and business ownership (GEM, 2012).

Entrepreneurs in a particular society are either encouraged or discouraged to aim at business success (Elenurm & Evaino, 2011). They are not only driven by their own ambitions but also by the attitudes of those around them, including their customers, suppliers, investors, and the positive views of society that indirectly stimulate entrepreneurial activity (GEM, 2010). These positive attitudes create an upbeat climate for entrepreneurship, thus indirectly generating cultural support, financial resources, networking systems, and other forms of assistance for existing and future entrepreneurs (GEM, 2010). Countries that provide substantial institutional and cultural support have been found to have higher levels of overall opportunity-based entrepreneurial activity relative to countries lacking this support (Muntean, 2011). A society's positive or negative perception of entrepreneurship can thus strongly influence people's reasons for becoming entrepreneurs (GEM, 2012).

The number of women setting up small businesses has increased significantly around the world, thus making a vital contribution to the development and growth of the local, national, and global economies (Fielden & Davidsson, 2010). Previously, women were predominantly involved in childcare and housework (Williamson, Lewis & Massey, 2011) but have recently been distancing themselves from traditional social roles and are venturing into the field of business start-ups (Coughlin, 2002). Nevertheless, they generally run their companies while at

the same time caring for their children. When they succeed in finding a work/life balance, they gain a sense of personal achievement and satisfaction, earn more income, and, most importantly, achieve independence (Nel, Maritz & Thongprovati, 2010).

3.3. Characteristics of women-owned businesses

In order to comprehend entrepreneurship, we first need to examine the background of entrepreneurs as well as their reasons for creating enterprises (Mitchell, 2004). Certain characteristics of women entrepreneurs are clear. The motivating factors for women to start a business, psychological attributes and their demographic /socio-personal characteristics have been discussed in previous research. Business characteristics including business ownership, growth and performance, access to finance, networking are also identified.

3.3.1. Individual level

Motivations and goals: The variety of reasons and motivations for creating business ventures has been studied, with previous research referring to gender inequality as a push factor for female entrepreneurship in developed and developing economies (Baughn et al., 2006). However, the reasons and motivations for starting a business vary among countries and economies and reflect different motivational patterns. According to Orhan & Scott (2001), in developed countries women-owned businesses are mostly motivated by a need for achievement, while in less-developed countries they are motivated by push factors resulting from low income, job dissatisfaction, or unemployment. Other research studies focused also on reasons such as the draw of independence, autonomy, and independent decision making (Brockhaus & Horwitz, 1986). Women are more likely than men to say that they started their businesses to be challenged personally and to achieve self-determination (Buttner & Moore, 1997).

Regarding goals, many entrepreneurs are driven by the pursuit of personal goals, some of which are non-economical in nature (Cooper, 1993). For example, women-owned businesses rate social goals highly, such as customer satisfaction (Changanti, 1986; Hisrich & Brush, 1987). In many cases, women enter into business not to attain profit goals but to pursue intrinsic goals (e.g., independence, and flexibility to balance work and family responsibilities) (Rosa et al., 1994). However, Sexton (1980) reported that women may follow the same goals in business ownership in terms of the need of achievement and independence, but differ from their male counterparts in terms of economic necessity, recognition and search for the appreciation of other

people. Similarly, Butter and Moore (1997), in their study measuring the success of women entrepreneurs, found that women entrepreneurs start their businesses highly motivated by “self-fulfillment and goal achievement” while profit and business growth were considered to be less important for their success. For these reasons, Brush (1992, p.22) argues that, in their assessment to business performance, women-owned businesses should include not only financial measures but also incorporate other measures such as employee satisfaction, social contribution, goal achievement, and effectiveness. Hisrich and Bruch (1987) and Lerner et al. (1997) have found that personal motives and goals affect the business performance of companies owned by women.

Self-efficacy and competencies: self-efficacy is a specialized judgment that varies within individuals regarding their ability to perform a given activity (Bandura, 1982), and it is proposed to shape individual choices, goals, emotional reactions, effort, ability to cope, and determination (Gist, Stevens, & Bavetta, 1991). Analyzing the personal characteristics of women entrepreneurs’ increases awareness of the reasons why some women succeed and others fail in business (Pollard, 2006). The degree to which the individual perceives him or herself as having the ability to perform the various roles and tasks of entrepreneurship reflects what is called entrepreneurial self-efficacy (Chen, Greene, & Crick, 1998). Those individuals high in entrepreneurial self-efficacy lead their firms to higher levels of revenues and employment growth (Baum & Locke, 2004). Research has indicated that women typically do not undertake their own venture until they are confident they have the required abilities (Moore, 2003). In this sense, self-efficacy beliefs are an antecedent of women’s entrepreneurial intention to pursue entrepreneurial activity. Previous evidence shows that men are more confident than women in their abilities to perform at high levels the roles and tasks of entrepreneurship (Mueller, 2004); women in particular avoid entrepreneurial endeavors because they think they lack the required skills (Chen, Greene, & Crick, 1998) and they also exhibit relatively more risk aversion than men in financial decision making (Nelson, 2012).

Chandler and Jansen (1992) identify the competencies required to perform the role of entrepreneur: the entrepreneurial, managerial, and technical-functional. Entrepreneurial and managerial competencies include specific knowledge, motives, traits, social roles, and skills, which relate to business survival and effective growth (Bird, 1995).

One of the main competences of business founders is related to the recognition of unique business opportunities; their ability to recognize and take advantage of opportunities is labelled entrepreneurial competence (Chandler & Jansen, 1992), and this ability is the core of entrepreneurship (Timmons et al. 1987). The ability to manage resources is also crucial to the survival of business. Chandler and Jansen (1992) refer to this ability as managerial competence. This managerial competence involves leadership and organizational skills such as human resource management and financial resources management (Pavett & Lau, 1983). Research that involves entrepreneurial competencies assumes that entrepreneurs are different than other people in terms of the competencies they possess (Baum et al., 2001; Jansen & Chandler, 1992). For example, women were found to lack financial management skills often due to their educational background (Stevenson, 1986); they also lack training in specific business tasks. Lerner and Almor (2002) in their study of Israeli female entrepreneurs found that managerial skills (finance, human resource management, operations, and strategic management) and entrepreneurial skills (innovation and marketing) were separate and important factors for the success of women entrepreneurs.

Human capital: It is said that most of a firm's knowledge and skills resides in its human capital (Miller, 2002), which, from the entrepreneurship perspective is defined as the skills and knowledge entrepreneurs acquire during their lifetime through education, work, and training (Becker, 1964). Therefore, educational attainment reflects the extent to which entrepreneurs have had the opportunity to develop relevant skills and contacts (Lee & Stearns, 2012); educational attainment has been reported to influence entrepreneurship (Robinson & Sexton, 1994; Delmar & Davidsson, 2000), with many studies indicating that high levels of education will lead to a high quality of entrepreneurship (e.g., Bates, 1995; Delmar & Davidsson, 2000). Some researchers have reported that the overall educational attainment of business owners is similar for both sexes (Hisrich and Brush, 1983), while others have found that businesswomen's educational level is higher than their male counterparts (Brush, 1992). However, it has also been reported that any existing differences observed between men and women relate to the type of education acquired (Verheul and Thurik, 2001).

Because women educational preferences are different than those of men (Brush et al., 2006), women often lack the appropriate educational background to start businesses that demand

technical skills. Specifically, gender roles guide education and occupational choices (Eccles, 1987), and this in turn reflects and influences differences between men and women in many areas that are achievement oriented.

Experience in business is also a determinant for business success; entrepreneurs with vast experience in managing business are more capable of finding ways to open new business (Staw, 1991) and develop an existing one. Prior experience in industry was also found to be an important asset for growth, because it enables owners to pursue opportunities and exposes them to different markets (Graaf, 2007). Those individuals who lack expertise in the industry where they set up the firm are more prone to face business failure. Along this line, a number of studies report that female entrepreneurs have less valuable work, managerial, and self-employment experience (Boden & Nucci, 2000; Hisrich & Brush, 1983). Kuratko and Hodgetts (1995) note lack of experience and management skills before starting a business as a major challenge facing women who are pushed into business.

3.3.2. Business Level

Regarding business characteristics, previous studies have described the size, ownership, sectors, management strategies, business performance, and success of firms run by women. Other recent studies have focused on resources, organizational structure, funding, growth strategies, and operations. All these organizational factors clearly influence businesswomen and their business ventures' success.

Size and growth: Although the number of firms owned by women has grown considerably, most continue to be small (Zahra, 2012) and employ a limited number of staff (Rob & Wolken, 2002; Arasti et al. 2012); their tendency toward remaining relatively small is attributed to women's choice of industry, as they traditionally have chosen to work in the service and retail sectors (Galindo, Guzman, & Ribiero, 2009), which have lower expectations to grow and offer rewards than technological sectors (Greene et al., 2003). According to the findings of the Global Entrepreneurship Monitor report, businesses run by women not only tend to be smaller but are also less costly to operate than those run by men (GEM, 2004). Therefore, women choose to start businesses with lower levels of initial employment and capitalization (Brush, 1992).

Businesses owned by women, who generally lack appropriate industrial experience, and business skills (Lerner et al., 1997), do not record high levels of growth on the whole (Brush et al., 2006; Buttner, 1993; Cliff, 1998). Their reduced ability to attract financial resources (Buttner, 1993) as well as networking effectiveness and lack of business training significantly affects business growth (Roomi et al., 2009). Furthermore, personal goals, ambitions, and skills are believed to affect women's growth orientation in business (Brush & Carter, 2006; Roomi et al., 2009). It is noted that women's growth goals are also influenced by many factors including their reasons for starting a business. Women start businesses to be personally challenged and to integrate personal and business goals, unlike men, who tend to start businesses to be the boss and grow the business as large as possible (Hadary, 2010). Their education background preferences and lack of industry experience and skills also lead to low-growth potential (Brush et al., 2010), not to mention their growth objectives may also be driven by factors other than human capital or the ability to secure external capital (Coleman, 2007), such as their need to focus on maintaining an income rather than growing a business (Galindo, Guzman, & Ribiero, 2009). Previous studies show that women are less driven by opportunity and more oriented toward wage substitutions (Minniti et al., 2005).

Sector: Although present in all sectors of the economy, businesswomen typically work in the service, retail trade, and perishable goods sectors (Weeks, 2009), where they may have had previous managerial experience in a similar line of business (Neider, 1987). Women are less likely to be found in manufacturing and high technology (Anna et al., 2000; Brush et al., 2006). Women often tend to be involved in traditional low-risk sectors (Minniti, 2005) that do not emphasize the importance of high growth rates and which also allow flexible work hours suitable to the needs of their family (Greene et al., 2003). In addition, gender stereotypes impact attitudes and behaviors of people. Some argue that the influence of gender stereotyping in entrepreneurship is the fact that certain industries are dominated by either men or women (Anna et al., 1999). Women tend to work in certain occupations that are considered socially acceptable for their gender.

Ownership: Businesses owned by women and men tend to have similar forms of ownership (Rosa & Hamilton, 1994). Some differences were found with regard to the type of partners chosen, with women tending to have a single family member in this role or contributing

to the business in some way (Arasti et al. 2012). Comparable to men-owned businesses, women often choose sole proprietorship as the preferred form of business structure (Hisrich & Brush, 1983).

Management and strategies: Women-owned businesses tend to be open to interacting with others, and are more participative regarding decision making (Neider, 1987). Buttner (2001) reports that the managerial style of women entrepreneurs was best described using relational dimensions such as mutual empowering, collaboration, sharing of information, and nurturing. According to Heffernan (2003) female negotiating styles have been shown to be different and it has been demonstrated that they are significantly more beneficial to long-term business success. Furthermore, women-owned businesses are described as having a more “feminine” (Chaganti, 1986) and informal management style. Women-owned businesses are described also by openness in communication, and less hierarchal organizational structures (Helgesen, 1990).

Regarding strategies, according to Porter (1996), the essence of strategy is choosing to perform activities differently from competitors, which requires creativity and company insights. Companies owned by women generally adopt a product-service-quality strategy (Chaganti & Parasuraman, 1996) showing little interest in high-growth strategies due to the inherent risks involved (Cliff, 1998). According to Dechant and Al-Lamky (2005), studies covering women entrepreneurs noticed that businesses run by women tend to grow at a slower rate than those run by men. In their empirical study, Dechant and Al-Lamky (2005) found that the Bahraini and Omani women entrepreneurs have no strategy for future growth. A qualitative study on Iranian women entrepreneurs found that women utilized strategies that helped them to moderate the work-family conflict (Arasti, Panahi, Zarei, and Rezaee, 2012).

Performance: Most previous research of female entrepreneurship indicates that they underperform their male counterparts (Brush, 1992; Rosa et al., 1996). However, there are also studies that do not find gender-based differences in firm performance (e.g. Du Riez & Henrekson, 2000). Although a subject of debate, the reasons for this under-performance are usually associated with initial under-resourcing (Carter, Anderson & Shaw, 2001). Previous research has shown the performance of women-owned firms lags that of male-owned firms in terms of annual sales, employment growth, income, and venture survival (Boden, 2000; Robb and Wolken, 2002). Women-owned businesses have lower sales and employ fewer people than men (Fischer et al., 1993). Furthermore, women-owned businesses are less profitable than those

started by men, because women are less motivated to make high profits and they pursue different goals (Brush, 1992). They have less confidence in their entrepreneurial abilities, and their tendencies to start types of businesses that have lower growth potential are also reasons for women having lower growth expectations for their businesses (Kepler, 2007).

3.4. Factors Influencing Performance

The factors that influence the performance of women-owned firms range from individual aspects, to business and environment. The literature on female entrepreneurship, which has traditionally focused on the micro level, explores the characteristics of entrepreneurs in terms of motivation, personality traits and experience as well as the types of firms set up by women in terms of company size and management performance. Macro-level factors influencing entrepreneurship in general and women entrepreneurs in particular have also been studied (Verhul et al. 2006). However, both sets of factors are important in order to analyze female entrepreneurship (Jamali, 2009), as individual behavior takes place within the framework of a complex interaction between micro, meso and macro level factors (Bruin et al., 2007).

The performance of entrepreneurs is measured through the performance of their organizations, which, in turn, is influenced by its surrounding environment (Covin & Slevin, 1989; Hofer & Sandberg, 1987). A small company is regarded as an extension of its founder (Chandler & Jansen, 1992; Dyke, Fischer, & Reuber, 1992). In this sense, Mintzberg (1988) states that: "All revolves around the entrepreneur. Its goals are his (sic) goals, its strategy is his vision of its place in the world" (p.534). Earlier research studies Schwartz (1976) focused on individual characteristics, motivations, and attitudes that women had in common with men. In the studies addressing the topic of women entrepreneurs conducted during the 1980s, the basic themes discussed were characteristics of the business owner, industry/business choice, and barriers to success (with a particular emphasis on access to capital) (Hisrich, Brush, O'Brien, 1981). In their study on Israeli women entrepreneurs Lerner, Brush, and Hisrich (1997) suggest that there are five factors assumed to affect firm's performance, including motivations and goals, social learning, network affiliation, human capital and environment. The finding shows that previous industry experience, business skills, and achievement motivation are related to performance.

In their research Lerner and Almor (2002) focus on the strategic capabilities, management style, and firm performance of Israeli female business owners, and their findings reveal that managerial skills (finance, human resource management, operations, and strategic management) and entrepreneurial skills (innovation and marketing) are separate factors. Similar research, Machado, Cyr, and Mione (2003) suggest that women entrepreneurs' managerial style evaluated through a) planning and strategic choices; b) decision style; c) formulation of objectives; d) structure of the company and share of power; and e) human resources policies is linked to their performance.

According to Burt (1992), resources can be divided into financial, human, and social capital. Financial capital refers to funding attracted from shareholders, bankers or other lending institutions (Abubakar, 2011). Human capital is people's knowledge and skills, while social capital is the resources generated by social networks (Burt, 1992). Without doubt, women are exposed to a greater number of challenges and constraints as compared to men in accessing all these types of capital and in general find it much more difficult to access all types of resources (Marlow & Patton, 2005; Alsos & Ljunggren, 1998).

3.4.1. Access to Financial Capital

Previous research has highlighted the crucial role played by financial capital in the long-term success of businesses. It can be obtained from external sources in the form of loans or investments and internally through personal or family savings. Access to money is the cornerstone of any business venture (Brush, Bruin, & Welter, 2009) and the lack of financial resources hinders or prevents long-term improvements in performance. Acquisition of this crucial resource at the initial start-up and later stages can be problematic for businesses owned by women (Fielden & Davidson, 2010).

Previous research found that most women-owned businesses were funded initially with personal resources rather than external funds (Hisrich & Brush, 1987). Furthermore, women often establish businesses with less capital than men (Brush et al., 2001) and tend to target local financial markets. They adopt a conservative approach to business formation, possibly due to being more involved in necessity-driven entrepreneurship (GEM, 2004). Few numbers of women-owned businesses have traditionally considered bank loans as a viable alternative

(Conrad, 2005). Bankers tend to hold women to higher standards than men when assessing loan requests (Hisrich & Ozturk, 1999). Although many women believe that their female status does not make any difference in terms of establishing a business, they do express concern that some financial institutions are more sympathetic to men (Coleman, 2000). As women also do not enjoy the same property ownership rights as men and the value of their assets tends to be lower, they may also face discriminatory lending policies (USAID, 2013). Therefore, acquiring capital and dealing with financial institutions is particularly difficult for women and appears to be determined by the type of firm and business-owner involved; the small size of companies owned by women (Coleman & Carskey, 1996), their risk aversion (Olson & Currie, 1992), and possible lending discrimination (Brush, 1992) appear to be important barriers to funding for women. According to Watson (2003), enterprises owned by women are more likely to be undercapitalized in a variety of ways from the outset and to underperform in already overcrowded sectors. These companies are less competitive and contract less bank debt and private equity (Brush, 1997).

Women entrepreneurs seem to experience more financing problems in business areas where they have a minor presence (e.g., finance, insurance, manufacturing, and construction) than that in the more traditionally female business sectors (Hisrich & O'Brien, 1981). On the other hand, it is stated that the entrepreneur's ability to obtain the necessary financial capital often depends on the company's perceived human capital (Adrich and Zimmer 1985). Evidence suggests that women's lack of understanding of the lending process, or lack of experience in financing or accounting activities, are problems they face when dealing with lending institutions (Hisrich & O'Brien, 1981); in addition, women lack business experience (Carter & Rosa, 1998). Furthermore, credit lines for women-owned businesses have been insufficient in terms of volume (Anwar & Gul Rashid, 2011), which can hinder their ability to establish and grow their businesses, develop new products and services, and hire staff (Coleman, 2007).

Several scholars noted that women's biggest obstacles regarding financial aspects are obtaining financing and credit (Neider, 1987), cash flow management, and financial planning (Hisrich & Brush, 1984). Previous research asserts that women and men probably have different tolerances for taking risks overall, including financial risk (Chang, 2010). In other words, women may perceive a lower financial safety net, as they confront different conditions than men in

society, such as gender wage gap and gender norms that place financial matters in the realm of men's expertise (Chang, 2010). Starting with high levels of financial capital has been shown to be the key determinant in improving the performance of companies owned by women (Margot, 2010). Fairlie and Robb (2008) found that less start-up capital and less human capital of women-owned businesses leads to underperformance. Anna et al. (1999) found that women in the traditional industries of service and retail had lower expectations for financial success but higher expectations for security. Robb and Coleman (2009) results reveal that women-owned firms still underperformed than men-owned firms in measures of size, profitability, employment, and survival over time even controlling for firm size and the amount of capital at startup.

3.4.2. Human Capital

Entrepreneurial human capital can be defined as the set of skills, knowledge, and personality traits required carrying out work aimed at producing economic value (Junquera, 2011). Human capital consists of appropriate education and work experience and may also be associated with other factors such as family background or additional expertise provided by partners in the business (Coleman, 2007). Entrepreneurial human capital is therefore a vital resource for transforming a project into a successful business and can provide: (a) the capacity to seek out new business opportunities; (b) the skills to exploit them; and (c) the ability to connect with existing businesses. People who possess entrepreneurial human capital are likely to be more capable of creating new businesses, which tend to be more successful (Junquera, 2011).

Individuals with higher levels of human capital may be in a better position to perceive entrepreneurial opportunities in the marketplace and therefore more likely to engage in entrepreneurial activity (Davidsson & Honig, 2003). Furthermore, entrepreneurs who experience diverse human capital can be expected to have the ability to develop appropriate skills and contacts to tap into complex resource and information networks (Kenny & Fahy, 2011). It is of note that human capital is also associated with fundraising success (Walske & Zacharakis, 2012). Human capital is not only the result of formal education but also vocational experience, practical training in the workplace, and informal education (Davidsson & Honig, 2003); some researchers have measured the effects of human capital by examining the influence of educational attainment and organizational experience on financial performance, growth, and innovation (Wiklund and Shepherd, 2003; Coleman 2007; Shrader and Siegel, 2007). A previous study found that human

capital variables, such as education and work experience, have a positive impact on the profitability of businesses owned by women, while financial capital has a greater impact on those owned by men (Coleman, 2007). A recent study of the impact of formal and informal education on entrepreneurship showed that higher education benefits entrepreneurship by boosting self-confidence, lowering perceived risk, and by reinforcing human capital (Jiménez et al., 2015).

The literature on women-owned businesses suggests that they are confronted with an entire range of challenges and barriers when entering the business world (Mckay, 2001), which includes difficulties in acquiring capital (Buttner & Moore, 1997) and appropriate training (Walker & Joyner, 1999), lack of previous work experience and business training (Carter, Anderson & Shaw, 2001), and lack of knowledge and skills (Babaeva & Chirikova, 1997).

Higher education is expected to increase the ability of entrepreneurs to deal with problems and to seize business growth opportunities (Papadaki & Chami, 2002). It has also been argued that entrepreneurs rely heavily on specific types of knowledge, often accumulated over years of experience of launching new companies (Walske, 2009). There is a general consensus in the literature that a key reason for the high failure rate of small businesses is the lack of entrepreneurial skills (Sun, 2004), with the weakness of female entrepreneurial human capital being particularly highlighted (Junquera, 2011).

The human capital of the founder is therefore a critical factor in the success of small businesses. There is some evidence to show that the founder's human capital is important for achieving competitive advantage. In their research Habar & Reichel (2007) have found that the human capital of entrepreneurs, particularly managerial skills, is the most important contributor to the performance of small tourism ventures. Sapienza and Grimm (1997) have observed that the general educational level of entrepreneurs is positively related to business performance. Focusing on start-up companies in Korea, Jo & Lee (1996) found that the level of education of business people affected profitability. Segal, Borgia and Schoenfeld (2010) have analyzed the effect of human capital on the performance of small firms and found that human capital, as indicated by the level of education and industrial management experience, leads to improved business performance. Lerner et al. (1995) have pointed out that the human capital of businesswomen has a significant influence on their performance. Cohoon, Wadhwa, and Mitchell

(2010) have shown that human capital in the form of university education and industrial and general work experience is crucial in determining the success of ventures run by women. Well educated women are said to be more likely to establish innovative businesses and to develop new products and services (GEM, 2010).

3.4.3. Social Capital

Businesswomen have been reported to have much stronger social skills than men, to be nurturing, and to form better relationships with their employees, clients, and others, which are vital for business success and growth (Valencia & Lamolla, 2004). However, in general women have fewer business contacts, less knowledge about how to deal with government bureaucracy, and less bargaining power, all of which further limit growth (Wube, 2010). Since most businesswomen run small-scale businesses and are generally not members of professional organizations or other networks, they often find it difficult to access appropriate information (Wube, 2010). Women are more likely to ask for help and to build broad networks of advisors (Al-Alak & Al Haddad, 2010), although, in some cases, they are prevented from networking with men in business environments (ILO, 2004). Most existing networks are dominated by men and sometimes do not welcome women (Wube, 2010). Women have not succeeded in breaking into formal male-dominated networks and prefer to communicate among themselves (Smeltzer & Fann, 1989). Businesswomen are characterized by limited business networks and lack of work experience, skills, and access to information (Okafor & Amalu, 2010), which limit their ability to take advantage of opportunities (Kantor, 1999). Previous studies found that women's participation in a network is lower than that of men and even the networks they may develop are different than those formed by men (Aldrich & Zimmer, 1986, Burt, 2000). Similar research made the point that a woman's network is influenced by family connections, and it might even present a barrier in business terms (Lin, 1999). On the other hand, personal networks are regarded as more supportive than business growth networks; personal contacts with other entrepreneurs are also valuable in terms of providing access to resources that enable businesses to grow (Bogren et al., 2009).

In Arab countries, given the nature of women and cultural restrictions on their environments, establishing an effective network and access to them is difficult for women entrepreneurs (Naser et al., 2009). Male and female perceptions of their role and participation in

society differ considerably (Mustafa, 2005), with women's ability to promote change being limited and heavily dependent on their relationships with others, such as male family members.

Social capital plays a significant role in the growth of companies run by women (Roomi, 2009). Social networks are increasingly recognized to play an important role in their access to financial capital (Carter et al., 2003; Shaw et al., 2006). Personal resources and social capital are considered to be a means of developing meaningful contacts in business networks, thus increasing opportunities to raise capital and other resources crucial for the growth of the company (Brush et al., 2005). Hisrich and Bruch (1987) suggested that support systems, mentors, advisors, business and trade associations, and women's groups are significant networks that positively affect business performance. According to Fraser (1995), the use of informal monitoring supporting relationships is the best way to establish a business and helps the entrepreneur to overcome obstacles that impede growth and success.

3.4.4 Environmental factors: socio-cultural and institutional

Regarding environmental factors, it is often said that the development of female entrepreneurship should be an integral part of an overall strategy of empowerment in developing countries (Tambunan, 2009). However, unlike developed economies, no specific model exists to assess the experience of businesswomen (Naser, Mohammad & Nusseibeh, 1993). In this sense, there is a growing recognition that entrepreneurial behavior needs to be viewed in a broader context (Welter & Smallbone, 2011).

The institutional context is composed of the economic, political and cultural conditions in which entrepreneurs operate (Shane 2003); the socio-cultural and political-institutional environment influences entrepreneurial attitudes and results (Welter & Smallbone, 2011). In their research on the key external factors affecting the performance of Chinese companies' Zhang & Si (2008) show that environmental factors and an entrepreneurial culture were important influences on performance.

The institutional context, social status and local support decisively influence women's decision to establish and grow their businesses (Muntean, 2011), which also requires positive social attitudes in order to flourish (Dechant & Al-Lamky, 2005). For socio-cultural reasons, women are traditionally expected to shoulder most household and caring duties (Fielden &

Davidson, 2010) and are required to struggle against family opposition and social constraints while at the same time developing effective business skills (Fielden & Davidson, 2010). Women's experience of work changes their attitudes to family size and birth control (Ghamdi, 1996). In this context, one of the main factors involved in a women's decision to establish her own business is thought to be her feeling of responsibility for childcare (Amzad, Kamel & Asif, 2009). Family commitments, childcare, and personal goals may cause them to have less time than their male counterparts to run and grow their businesses (Fleck et al. 2011).

Gender stereotypes are also regarded as a significant obstacle to growth faced by female entrepreneurs (Still & Timms, 2000). In some countries, women are not taken seriously, which is also among one of the barriers women face while running their own businesses (Bliss et al., 2003). The traditional perception of a woman's role in society creates a less-favorable social climate, discriminatory treatment by the state, and/or limited access to bank loans (Carr and Chen, 2004). Women also face problems in relation to property ownership, as their unequal access to and control of property and inheritance rights are institutionalized and regulated in some countries (World Bank, 2012).

Differences in culture and customs in relation to female participation in the economy, such as society's view of the role of women in the workplace and business, vary from one country to another (GEM, 2012). It is hard to achieve gender equality in societies (Yazdani et al, 2011) such as those in the Middle East, where consensus existing on social rules, regulations and cultural behavior is shaped by patriarchal traditions and religion (Dechant & Al-Lamky, 2005).

PALESTINIAN WOMEN-OWNED BUSINESSES

3.5. General Background

With the rapid increase in educational opportunities right up to the university level, the role of women is changing throughout the Arab World (US news staff, 2008), although equality is still far from being a reality in certain regions (ILO, 2010). Society's ability to accept new economic roles for women and to create sufficient jobs for them is a major prerequisite for improving labor market outcomes for women and economic development as a whole (ILO,

2010). Therefore, attracting more women into the labor force initially requires equal access to education and equal opportunities to gain the skills necessary to compete in the employment market.

For entrepreneurship to flourish, positive social perceptions are required; countries in the Middle East share many social norms and cultural practices that stem from a common religious, social, economic, political, and historical heritage (Dechant & Al-Lamky, 2005). Women, (particularly entrepreneurs) in these countries have become more visible in all walks of life and continue to advance despite the numerous obstacles they face (Alshuaiby, 2011). However, low female participation rates in the workforce are generally the norm in the Arab world, and few women are entrepreneurs (Sadeq, Hamid, & Glover, 2011).

In 2009, GEM's Adult Population Survey (APS) of seven MENA countries, including Palestine, studied the characteristics of entrepreneurs, companies, and the context in which they operate. The report found that Palestine is one of a group of countries where women's involvement in owning and managing companies is low, and has the second highest rate of necessity-driven entrepreneurs in the region.

Another study found that Palestine was one of the worst countries in the world in terms of female entrepreneurship in 2012, ranking 58th out of the 67 countries studied in relation to early-stage entrepreneurial activity (companies in operation for less than 42 months) and the second worst in relation to established businesses (companies in operation for more than 42 months). In 2012, businesswomen in the early stage of entrepreneurial activity accounted for 3.4% of the total adult female population in Palestine as compared to 16% for the total adult male population (Abdullah & Hattawy, 2014).

3.6. Women-Owned Businesses in Palestine

Palestinian businesswomen undoubtedly represent a powerful force for economic growth and development. Their participation in development provides opportunities to work in both the formal and informal sectors, thus reducing poverty and unemployment levels while promoting family welfare and the wealth of society as a whole. However, gender gaps are still evident in terms of participation levels, wage rates, and unemployment (Shabaneh & Al Saleh, 2008). The

career choices of women in Palestine are influenced by the overall economic situation, the specific characteristics of the Palestinian market, educational attainment (Qazzaz & Mrar, 2005) and also by female stereotypes and society as a whole.

This limited participation in the work force is attributed to social norms (Naser, Mohammed & Nuseibeh, 2009) and women benefit unequally from the market economy and privatization as compared to men (Qazzaz, Mrar & Adwan, 2010), as they are faced with many structural barriers (Sadeq, Hamed & Glover, 2011). In Palestine's patriarchal society, women find it difficult to obtain loans from commercial banks, with land, houses, and property mostly owned by men (Frykberg, 2010). All these factors influence the involvement of women in entrepreneurial activity.

Only 14% of young people aged between 15 to 29 tried to set up a business, out of which only 6% were females (Sadeq, Hamed, & Glover, 2011). Due to factors such as educational attainment, vocational training, and financing (Hamed, 2007), women are less involved in micro, small, and medium enterprises (MSMEs) than men (Sadeq, Hamed & Glover, 2011) and find it more difficult to survive in the market economy (Shabaneh & Al Saleh, 2008).

Palestinian businesswomen establish and run companies while often performing most household duties and being the primary providers of care for children and other family member dependents, like those with mental or physical disabilities (Gelinas, Reeves & Sullivan, 2006). They generally tend to start businesses in sectors of the economy that reflect their traditional roles (Qazzaz & Mrar, 2005).

They face many barriers: shortage of resources, lack of technical training and information, foreign trade problems, lack of understanding of the trading process, the small size of businesses and inadequate government support for entering foreign markets (Atyani & Alhaj Ali, 2009). They also have problems obtaining credit (Strier & Abdeen, 2009) and lack social support and a social welfare system.

It has been argued that women's entrepreneurial skills need to be developed through training (Sadeq, Hamed & Glover, 2011). Although they continue to suffer from a lack of economic support networks and the traditional attitudes toward women's role in society (Qazzaz, Mrar & Adwan, 2010), education could lead to changes in their status. Furthermore, political

instability has increased the pressure on businesswomen (Sadeq, Hamed & Glover, 2011), with structures and prohibitions blocking the development of their projects and undermining an economy that is highly dependent on Israeli goodwill (Qazzaz, Mrar & Adwan, 2010).

3.6.1. Characteristics of Palestinian women-owned businesses

A recent study has pointed out that women between the ages of 18 and 34 are mainly involved in nascent and early-stage entrepreneurship, while established businesses are run by those between the ages of 35 and 44 (Abdullah & Hattawy, 2014). Entrepreneurial activity rates are reported to be rising among college-educated women and bachelor degree holders more than among those with lower levels of education (Abdullah & Hattawy, 2014). Furthermore, educational attainment has an impact on the type of businesses created, with small home-based ventures being run by those with a secondary education or less, while the more professional businesses that are using modern business practices tend to be owned by those with post-secondary education (Marrar, 2009).

Palestinian women are highly dependent on the support of their husband or male relatives for advice, encouragement and finance (Riyada, 2008). They face difficulties stemming from culture, customs, and traditions, they have limited property rights (MAS, 2011) and sources of funding (Al-Saleh, 2011; Qazzaz & Marrar, 2005). They find it difficult to obtain loans from commercial banks (Frykberg, 2010, Riyada, 2008).

One study has shown that Palestinian businesswomen tend to be middle aged or elderly, married or divorced, less educated than the norm, and living in rural areas (Sadeq, Hamed & Glover 2011). Women tend to run micro, small, or medium businesses, which record slower growth rates and take fewer risks, are more concerned with family responsibilities, and more conventional in terms of observing social norms (Sadeq, Hamed, & Glover, 2011). Economic opportunities vary according to geographical location, with women in country villages inclined to work in food processing, embroidery, and livestock and poultry farming. In towns, women tend to establish commercial-style businesses (Qazzas, Mrar & Adwan), although they still mainly work in traditional occupations. In sectoral terms, businesses owned by women in Palestine are mostly to be found in the consumer-oriented (58%), manufacturing (22%),

agriculture and extractive (12.5%) and business services (7.5%) sectors (Abdullah & Hattawy, 2014).

Some of these women are entrepreneurs by choice; others are motivated by unemployment or are able to combine household responsibilities with their professional career (Palestinian Businesswomen Forum, PBF 2009). Many micro and small businesses operate in the informal sector, employ family members, and often work from home (Kawasmi & White, 2010). It is important to note that the sources of financing for businesses run by women differ according to marital status. Single women are more dependent on family loans, while married, divorced, and widowed women are more reliant on business associations and much less dependent on bank loans and family financing (PCBS). According to Qazzaz & Marrar (2005), the greatest difficulties facing Palestinian businesswomen concern financing, transportation costs, marketing, pricing issues, capital growth, and market expansion.

3.6.2. Obstacles facing Palestinian Women-Owned Business

The main obstacles faced by businesswomen in Palestine at the start-up and operational stages are related to community, market, and institutional issues. They are negatively influenced by husbands or relatives who criticize them for neglecting their childcare and family responsibilities. In some cases, women face community opposition to their projects especially in rural communities and villages when dealing directly with businessmen (Qazzaz & Marrar, 2005).

Another obstacle is the condition that, due to a lack of experience and knowledge of market prices and alternatives, businesswomen are sometimes exploited by traders. Some women start their businesses without previous business experience, the ability to negotiate with commercial intermediaries, or marketing knowledge (Qazzaz & Marrar, 2005). They also lack access to the facilities available to businessmen. Furthermore, women entrepreneurs find it difficult to manage credit sale agreements, which are less common in villages where women mainly deal with friends and acquaintances (Qazzaz, Mrar & Adwan, 2010).

Competition with cheap imported products is a major challenge, as they restrict demand for the goods produced by women in the absence of appropriate legislation and marketing organizations to protect local products (Qazzaz, Mrar & Adwan, 2010). Women also encounter

problems in marketing their products due to social restrictions and their limited non-family social networks (Makhoul, 2005).

Access to finances is one of the most important obstacles faced by women entrepreneurs due to the difficulty of obtaining the necessary guarantees. Many commercial banks and institutions require guarantees in the form of properties, which often are not registered on the name of the woman. Although Palestinian women are legally allowed to own property, their husbands, brothers, or fathers may actually own the house deeds or the land. As a result, women often do not have the collateral necessary to access commercial loans (Chamlou, 2008). Customary law has been used by men to deny women the right to own or inherit land or property (United Nations Centre for Human Settlements (Habitat) UNCHS, 1999). In addition, the policies of institutions that lend to women are often characterized by high interest rates (Qazzaz & Marrar, 2005).

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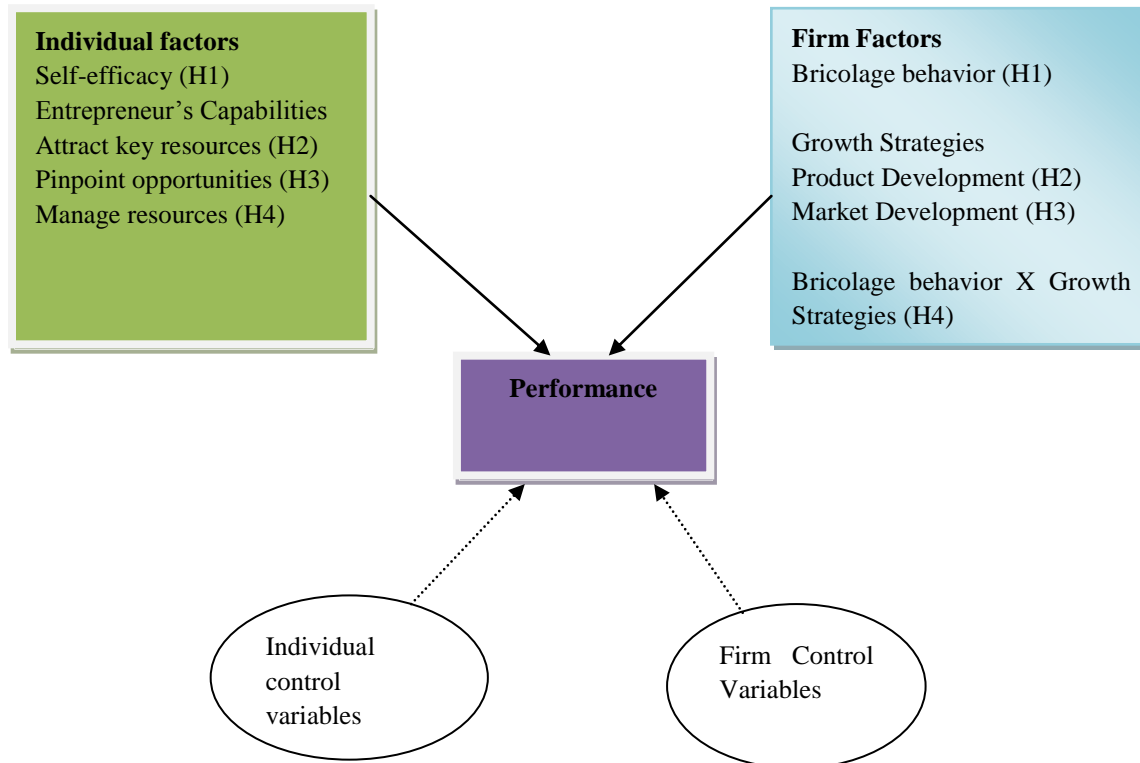
CHAPTER 4: DEVELOPMENT OF THEORITICAL MODEL AND HYPOTHESES

4.1. Introduction

This chapter covers the conceptual background for the development of the proposed theoretical model. Based on the literature review, we propose an integrative model of individual and organizational variables relevant to firm performance. We seek to explain differences in firm performance by focusing on individual capabilities and organizational practices Palestinian women-led firms develop to respond to a resource-deprived environment. On the side of organizational factors, the model includes bricolage behavior and growth strategies (product growth strategies, and market growth strategies). On the side of individual factors, we introduce self-efficacy and entrepreneur's capabilities (attract key resources, pinpoint opportunities, and manage resources). The theoretical model draws on a resource-based perspective (Penrose 1959; Wernerfelt 1984) to explain how these factors affect firm performance. This framework builds on the premise that organizations are idiosyncratic in the ways they interpret and use their resource environments and this constitutes a source of explanation for the differences in the performance they attain. Therefore, both individual capabilities of the decision-makers and the practices they develop at the organizational level to face resource needs are significant sources of explanation for differences in firm performance. Within this framework we build on specific streams of literature about bricolage and social cognitive theory, to formulate the study hypotheses.

This section is structured as it follows: in the first part we provide a brief review of the resource-based perspective. Second, we introduce the individual variables, self-efficacy and entrepreneur's capabilities. Last, we review new approaches to the firm level by linking bricolage and firm growth strategies developed by the entrepreneur. Figure 4.1 presents our theoretical model for explaining firm performance.

Figure 4.1. Influence of individual and firm level factors on performance



4.2. Conceptual Background

The Resource-based perspective (RBP) encompasses a broad set of approaches and ideas used to monitor company performance. Penrose's seminal work (1959) provides a theory of effective management of a firm's resources, productive opportunities and diversification strategies. The theory emphasizes the role of skills and firm's resources as the fundamental determinant of competitive advantage and performance (Barney, 1991; Bridoux, 2004). Internal resources and capabilities provide the basis for a firm's strategy and are also the primary source of potential earnings (Grant, 1996). The RBP of the firm focuses on resources characteristics that lead to a sustainable competitive advantage (Eisenhardt & Martin, 2000). According to Barney (1991), a company's resources need to be valuable, rare and not easy to copy or replace in order to be a source of sustained competitive advantage. Recently, much resource-based research has focused on intangible assets which include information, knowledge (Spender, 1996) and

dynamic capabilities (Teece, Pisano and Shuen, 1997). These intangible resources and people-based skills can be considered to be a firm's most strategically important resources (Grant, 1996).

Two firms starting with the same bundle of resources can obtain different results because of their idiosyncratic ways of deploying them; these, in turn, are based on the idiosyncratic perspectives and capabilities that decision-makers have on the resources controlled (Kor and Mahoney, 2004). Specifically, managers' experience of working with each other and with the company's resources affects their vision of the unique productive opportunities available. The role of managers is to convert firm's resources into new product applications, with new combinations of resources leading to innovation and the creation of economic value (Kor & Mahoney, 2004). There is a close relationship between a firm's various resources and the development of the ideas, experience and knowledge of managers and entrepreneurs. In addition, we have seen how changes in experience and knowledge affect not only the productive services available but also a firm's perspective on (Kor & Mahoney, 2004).

Resource-based perspective suggests thus that the actions to be carried out as well as managers' skills are important for business development (Dollinger, 2007). A firm's resources and managers' competencies are regarded as a source of competitive advantage and an integral part of organizational strategy. The argument underlying this assumption is that entrepreneur's competencies and traits are valuable and rare and, therefore, they can explain differences in firm performance (Lado, Boyd and Wright, 1992). The individual differences among people in terms of interests, abilities, and personality show different understandings and awareness in response to the environment in which they are operating (Blackburn, Delmar, Fayolle, & Welter, 2014).

In this context, we argue that the competencies possessed by entrepreneurs may be valuable for the company when not liable to be imitated, thus owners/managers may generate unique information that enables them to effectively interpret the firm's environment with respect to opportunities and threats (Lado, Boyd, & Wright, 1992). Entrepreneurs are unique in the way they identify certain opportunities because of their unique set of experiences and knowledge (Shane & Venkataraman, 2000; Shane, 2000; Venkataraman, 1997).

In order to exploit opportunities, the entrepreneur usually has to assemble a set of resources (Foss, 2011). The RBP suggests that strategies begin with an analysis of resources managed by the firm rather than from an analysis of the industry (Barney, 1986). Research on consistent entrepreneurs (MacMillan, 1986; Colombo, 1988) and studies using a RBV approach (McGrath, 1996) have pointed out that entrepreneurs adopt different strategies to deal with perceived uncertainty. Strategy and performance are ultimately a reflection of the decision-makers (Cyert and March, 1963, Hambrick & Mason, 1984), as strategic choices have an important behavioral component and, to some extent, they reflect the idiosyncrasies of decision-makers (Hambrick & Mason, 1984). Entrepreneurs determine the future strategy of a firm, with their personalized interpretations being shaped by their experiences, values, and personalities (Hambrick, 2007). Therefore, the competencies of the entrepreneur are an important determinant of firm strategy and results. In fact, the choice of a firm's resources, their transformation into a consistent strategy and their deployment depend on entrepreneur's competencies (Dollinger, 2007).

In our study, we focus on the role that entrepreneurs' traits, competencies and the strategies they develop to grow their firms and face resource restrictions play in firm performance in a context characterized by high hostility.

4.2.1. Personality traits: self-efficacy

The entrepreneurial traits have been studied widely (McClelland, 1961; Sexton & Bowman, 1986; Wincent & Westernberg, 2005), with some studies asserting that certain traits positively and significantly affect company performance (Hmeilski and Carr, 2008). Research focused on traits such as need for achievement (McClelland, 1961), risk-taking propensity (Stewart, Watson, Carland, and Carland, 1999, McClelland, 1961), and locus of control (Brockhaus, 1982). Entrepreneurs who possess characteristics such as propensity to innovate, the ability and willingness to take calculated risks, total commitment, the need to achieve, determination and leadership qualities are expected to be capable of taking advantage of available opportunities, of acquiring and attracting the necessary resources and of implementing successful strategies to exploit these opportunities (Momanyi, 2014). As leaders and founders of businesses, entrepreneurs' personality traits will affect their firm's strategic direction (Judge, Piccolo, and Kosalka, 2009; Wincent & Westerberg, 2005; Kisvalvi, 2002).

Self efficacy belief is an individual perception of what can be accomplished and it has been demonstrated to play a crucial role in determining the level of interest to pursue an entrepreneurial career. Individuals who strongly believe in their capacities and abilities to perform a task are more prone to become entrepreneurs (Zhao, Seibert and Hills, 2005; Baron, 2000). Self-efficacy refers to what a person can believe he/she can do with their skills under certain conditions, the beliefs about the ability to coordinate and adapt skills and abilities in changing and challenging situations (Maddux, 2000).

The basic premise of self-efficacy is that “people’s beliefs in their capabilities produce desired effects by their own actions” (Bandura, 1997, p. vii) are the most important determinants of the behaviors people choose to engage in and how much they persevere in their efforts in the face of obstacles and challenges. Baum & Locke (2004) found that vision and self-efficacy have effects on performance.

In light of continuous complex decisions people face, those individuals who have confidence in their ability to solve problems use their cognitive resources more effectively than do others who doubt their cognitive skills (Bandura, 1997). Therefore, the capacity of individuals to recognize and take advantage of opportunities to create value depends also on the willingness of the individuals to accept a degree of certain risk in creating this value (Peredo & McLean, 2006). Entrepreneurs’ self-efficacy influences the efficiency and effectiveness of problem-solving and decision-making (Heppner, 1992).

Self-efficacy is a central topic in entrepreneurship literature (e.g. Campo, 2011; Zhao, Seibert, & Hills, 2005; Boyd & Vozikis, 1994; McGee, Peterson, Mueller, Sequeira, 2009; Barbosa, Gerhardt, & Kickul, 2007), as self-efficacy beliefs have been demonstrated to predict choice of behavior activities, effort expended on those activities, persistence despite obstacles, and actual performance (Bandura, 1977). Clearly, this behavior is required to entrepreneurship success and specifically to women entrepreneurs who usually have to respond to more adverse conditions than men when creating and managing a business venture. Self-efficacy becomes even more important when entrepreneurs operate within a challenging environment that lacks resources. The greater entrepreneurial self-efficacy, the more likely the individual take risks and adopts an entrepreneurial behavior (Maddux, 2000; Boyd and Vozikis, 1994).

Previous research suggests that the closer the match between individual's attitudes, values, knowledge, skills, abilities and personality, the better they perform (Markman & Baron, 2003). Specifically, we argue that specific traits and competences (e.g self efficacy, ability to pinpoint opportunities, ability to attract resources and the managerial role) are positively related to firm performance. This framework enables us to understand which traits and competences have potential to stimulate venture development.

4.2.2. Entrepreneur's capabilities

The entrepreneurial process takes place through a sequence of successive and interrelated actions and decisions. The entrepreneur's competences and behavior impact business development; his/her ability to comprehend and make appropriate use of sophisticated strategic management practices is a function of the entrepreneurs' previous experience (McKenna, 1996). Strategic management involves defining patterns of present and future resource deployments and environmental interactions, adapting courses of actions and allocating resources for carrying out the long term objectives of the enterprise (Chandler, 1962; Hofer & Schendel, 1978). Decisions concerning resource acquisition and opportunity exploitation are just some of the decisions entrepreneurs need to take while managing their business ventures (Carland, 2000). Entrepreneurs' decisions are highly dependent on the feelings and perceptions of entrepreneurs (Carland, 2000). Self-perceived competencies of the entrepreneurs are related to business performance. In this sense, Chandler & Jansen, (1992) indicate that most successful company founders have high entrepreneurial, managerial and technical functional skills.

Entrepreneurs differ in terms of their opportunity analyses; some may decide it is time to exploit an opportunity, while others may feel that they are not sufficiently well prepared or that the external circumstances are not right (Dollinger, 2007). In turn, opportunity identification leads to the necessity to acquire the required resources, where resource acquisition capability is the ability of firms or individuals to acquire both useful tangible and intangible resources (Ge, Hisrich & Dong, 2009). Entrepreneurs' competences can be regarded as resources which are rare, valuable, imperfectly imitable and non-substitutable (Dollinger, 2007). Entrepreneurial skills and managerial capabilities are thus an important determinant of a firm's strategy and results (Barney, 1991).

4.2.3. Growth strategies

Performance is dependent on management strategy, access to resources and tactical decisions (Green et al., 2003). It has been reported that women deliberately choose to maintain their businesses on a small scale or have conservative expansion plans (Chaganti, 1986). Some researchers have suggested that women entrepreneurs should adopt narrow strategies to improve performance as they are more likely to have less resources than their male counterparts (Carter & Williams, 2003), to have no employees, and to depend on help from family members (Bezhani, 2001), to employ less start-up capital (Verhul & Thurik, 2001), to use their own or family savings to start a business and to rarely take bank loans or to use other external sources of finance (Pandey, Raman, & Kaul, 2013).

In some contexts women are limited by inequitable laws and cultural practices. For example, as property is generally inherited by males, women have less capital than men and if women are expected to remain at home, they will not be accepted in the business community. For instance, in many regions, customary law prevents women from owning property (Reeves, 2010). In addition, women lack opportunities to control their own lives and have little autonomy in relation to the way they work.

4.2.4. Bricolage

Firms can build competitive advantages by acquiring and developing idiosyncratic and immobile resources (Barney, 1991). Firms are heterogeneous with respect to the strategic resources they control and the use they make of them; when these resources are not perfectly mobile across firms over a long period of time they can lead to the creation of sustainable competitive advantages (Barney, 1991). A resource which may appear to be useless to one company can be perceived as valuable by another organization (Baker & Nelson, 2005).

Within the resource-mobilizing practices firms develop, the concept of bricolage has proved key to explain how firms acting in resource-restrained environments respond to new challenges and innovate (Desa & Basu, 2013). Bricolage describes how some entrepreneurs respond to problems by making-do with resources at hand, using discarded resources for new purposes or recombining these resources (Baker, Miner, & Eesley, 2003; Baker & Nelson, 2005).

These idiosyncratic resource combinations and uses may be valuable, rare, and inimitable and lead to the creation of competitive advantages (Steffens & Senyard, 2009).

Bricolage is seen as a behavior that can help entrepreneurs face resource constraints and identify new opportunities for value creation (Baker et al., 2003; Di Domenico et al., 2010; Senyard et al., 2009; Mair and Marti, 2009). For entrepreneurial ventures operating in restrained environments, attracting resources is one of the most important challenges (Desa & Basu, 2013). In developing economies, resources can be of low quality, scarce and costly (Zahra et al., 2009) and institutional financing mechanisms absent or weak (Mair and Marti, 2009). In such contexts, entrepreneurs that refuse to be limited by resource limitation can mobilize resources through bricolage (Desa & Basu, 2013; Baker and Nelson, 2005). Firms may engage in bricolage out of necessity as they cannot afford the costs of more standard resources (Desa & Basu, 2013). This necessity-based bricolage is satisficing in nature in the sense that it focuses on acceptable goals that can be realized on the basis of available resources (Duymedjian & Ruling, 2012; Simon, 1957).

However, due to the effects of idiosyncratic combinations, which may even be unintended at times, bricolage can sometimes result in new pioneering products, services or processes (DiDomenico et al., 2010). Firms may differentially recognize the potential of discarded undervalued resources and how they might be combined in novel ways to create value (Mair and Marti, 2009). Bricolage may thus be used as a design philosophy (Duymedjian and Ruling, 2004; Kumar et al., 2012), with firms intentionally using discarded resources to develop new products and ideas. As seen in previous studies, such bricolage is called ideational (Mair and Marti, 2009; Carstensen, 2011) as it is driven by the recognition of perceived advantages rather than by necessity. Thus, the bricolage process often helps ventures to mitigate resource constraint conditions and also occasionally enables them to identify new opportunities for scaling up operations and/or extending their mission (DiDomenico, Haugh, Tracey, 2010; Desa & Basu, 2013).

Building on these arguments, in the following sections, we propose ideas concerning our two models of the study. The first model we introduce bricolage and growth strategies. In the following section we highlight the contextual review related to our first model. Then we propose our second article concerning self-efficacy and entrepreneur's capabilities.

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CHAPTER 5: BRICOLAGE AND GROWTH STRATEGIES

5.1. INTRODUCTION

The mobilization of resources to perform the strategies proposed is a critical activity for the success of any entrepreneur (Baker and Nelson, 2005; Villanueva et al., 2012). This issue is even more challenging for entrepreneurs who act in business contexts characterized by extreme scarcity of resources (Desa and Basu, 2013; Di Domenico et al., 2010). Researchers view bricolage, defined as “making do by applying combinations of the resources at hand to new problems and opportunities” (Baker and Nelson, 2005), as a behavior that can help entrepreneurs face resource constraints and identify new opportunities for value creation (Baker et al., 2003; Di Domenico et al., 2010; Senyard et al., 2009; Mair and Marti, 2009). Bricolage behavior helps firms reduce resource disadvantages (Steffens and Senyard, 2009) and fills resource gaps by recombining resources for new purposes and giving new uses to current resources at hand (Baker and Nelson, 2005).

This study explores bricolage behavior and its relationship to firm performance in the context of Palestinian female entrepreneurs. We use this sample as representative of entrepreneurs acting in contexts characterized by extreme resource constraints and entrepreneurs occupying marginal positions in society, with limited access to power and decision-making centers. The entrepreneurial activity of Palestinian entrepreneurs is conditioned by many types of restrictions: managing in a context of political conflict, lack of infrastructure, and social and economic inequalities (Sabella et al., 2014; Elmuti et al., 2011; Shabana & Al-Saleh, 2008).

Our study focuses only on women, not to perform a gender analysis but because this group of entrepreneurs is representative not only of a context characterized by extreme resource scarcity but also of entrepreneurs who occupy marginal positions in society in terms of access to circles of power and decision making. Patriarchal relationships of authority and the tribal clan structure of Arab society have, on many occasions, restricted the participation of Palestinian

women in entrepreneurial activity and can impose significant burdens on the development of their firms by restricting access to several types of resources, e.g., financial, human capital and relational (Strier and Abdeen, 2009). These women's access to already scarce resources is thus even more limited than that of more empowered agents. This constraint may represent a barrier for bricolage behavior itself because it restricts autonomy and thus alternatives for improvisation.

Although bricolage has been invoked as a behavior suitable for facing extreme resource scarcity (Linna, 2013), its relationship to firm performance in such contexts has not been explored systematically in the literature. Previous studies that explored the relationship between bricolage and firm performance in general contexts indicate this relationship may not be straightforward, but rather contingent on several factors, such as the stage of development of the firm or its strategic orientation (Senyard et al., 2009; Baker and Nelson, 2005).

This study focuses on the contingency of the type of growth strategy the firm seeks to develop. The growth path a firm chooses to follow can condition the extent to which engaging in bricolage can provide adequate resources. When firms seek to grow, they usually require new resource investments. These resources vary depending on the type of growth strategy the firm develops (Wright and Stigliani, 2013; Mishina et al., 2004). The extent to which bricolage can develop adequate resources to undertake growth strategies and enhance firm performance depends thus on the type of resources demanded by the growth strategy chosen.

This study contributes to understanding when entrepreneurs acting under extreme resource constraints can benefit from bricolage behavior to grow their firms and improve performance. This question is important because traditional mobilization of resources through external search and acquisition is a limited option for such entrepreneurs.

Previous studies (e.g. West and Noel, 2009) emphasize that, in small firms, the entrepreneur wields the greatest influence on strategy and the direction a firm adopts and, therefore, that the behavior of the firm generally reflects the individual behavior of the entrepreneur. We can use this argument to extrapolate assumptions from the individual to the firm. We define female-led firms as those that have been created by and are owned by a woman, whether alone or with others, but in which the woman maintains the leadership of the firm (Desa and Basu, 2013). Bricolage behavior and refusal to accept limitations represent both recognition of and a response to these institutional pressures (Di Domenico et al., 2010). However, this

individual alternative to mobilizing resources must be aligned with specific growth strategies to improve performance.

5.2. Literature Review

5.2.1. Palestinian female entrepreneurs

The political conflict with Israel for more than 60 years, combined with the absence of an independent state and national sovereignty, has led to several structural problems in Palestinian society (Kuttab, 2010). Political, economic and social instability and turmoil are the only constants for Palestinians (Elmuti et al., 2011; Strier and Abdeen, 2009).

Palestine is one of the countries that rank lowest in measures of economic prosperity and entrepreneurial opportunities (World Bank, 2011; Palestinian Central Bureau of Statistics, 2012). Over the last few decades, the Palestinian economy has been characterized by one of the lowest GDP per capita in the world (137/195 in 2011 according to the United Nations Statistics Division, 2013), high rate of unemployment (20.9 percent in 2011, according to the Palestinian Central Bureau of Statistics, 2012) — although it presents a decreasing trend along the previous three years) and high levels of poverty (according to the Palestinian Central Bureau of Statistics, 2012). In 2010 the poverty rate was 25.7 percent and the deep poverty rate was 14.1 percent.

All the general conditions of a country marked by political conflict, a declining economy and the traditional and patriarchal Arab society, turn the situation of Palestinian women into a complex issue (Shalhoub-Kevorkian, 2006). Although Palestinian law grants women the right to work, these laws are neither implemented nor enforced (Al-Saleh, 2011). The participation rate of Palestinian women in the workforce is only 14 percent, while average male participation is 67 percent (Palestinian Central Bureau of Statistics, 2010). This rate is far below the regional rate (29 percent in the MENA region) and the global rate (52 percent) of female participation in the workforce, and in Palestine this participation tends to be concentrated in the service and agriculture sectors (Economic and Social Commission for Western Asia, 2009). The gender discrimination in labor is reflected in the wage gap between men and women, the low presence of women in management and decision-making levels, and the fact that women are the first to lose jobs and the last to get them if available (World Health Organization, 2011; Palestinian Central Bureau of Statistics, 2010). More women are gaining access to education, and access to

high education is increasing almost equally for both men and women, but the proportion of women attending higher education is still low (14.1% in 2011, according to Palestinian Central Bureau of Statistics).

In terms of fertility rates, Palestine remains among the highest in the world, although recent data indicate they are declining (Economic and Social Commission for Western Asia, 2009). Although the fertility rate was 6.04 births per woman in 1997 (5.6 in the West Bank and 6.9 in Gaza), by 2007, the rate had declined to 4.6 in the West Bank (almost 18%) and to 5.3 in Gaza (by nearly 23%).

Regarding female involvement in entrepreneurial activity, the Global Entrepreneurship Monitor (2012) indicates that the percentage of the female population who are either a nascent entrepreneur or an owner-manager of a new business barely exceeds 5, while that of men is higher than 14 (Xavier et al., 2012). Palestine is together with Syria the country with the lowest rate of female early-stage entrepreneurial activity in the Middle East and North Africa region (just over 3%). However, this situation is changing given the high rate of general unemployment and the economic difficulties families have to face in the region. In this context, the number of women who go into entrepreneurship as a means to support their families is increasing (Frykberg, 2010).

Businesses run by Palestinian women are usually small-sized; service oriented and has low levels of growth (Sadeq et al., 2011). Palestinian female entrepreneurs face a variety of restrictions when starting entrepreneurial ventures: barriers to obtaining financial credit (Strier and Abdeen, 2009); lack of official support and poverty (Sadeq et al., 2011); lack of territorial infrastructure; lack of work experience and business training (Atyani and Alhaj Ali, 2009); networks and relations confined to family and limited circles; patriarchal attitudes that impede women from seeking work outside their homes and child-care responsibilities (Strier and Abdeen, 2009).

All of these micro and macro political, economic and social constrictions Palestinian female entrepreneurs face create a context where we can explore the role of bricolage behavior as a means to overcome extreme resource constrictions and evaluate its potential to improve business performance.

5.2.2. Bricolage and entrepreneurship

Bricolage theory indicates that one of the factors explaining the differences in firm performance is how firms construct their resource environments. Resource environments are not independent of a firm's actions and the way entrepreneurs construct their resource environments is as important for their behavior as the objective resource constrictions (Baker and Nelson, 2005).

The concept of bricolage refers to a behavior that refuses to enact resource limitations and seeks to take advantage of new opportunities and respond to new challenges by making do, using resources at hand that others consider to be useless or substandard, and recombining them for new purposes (Lévi-Strauss, 1967; Baker and Nelson, 2005; Fisher, 2012; Linna, 2013). Therefore, bricolage can help firms both mitigate resource restrictions and seize new opportunities to create value (Desa and Basu, 2013; Linna, 2013; Di Domenico et al., 2010). In this sense, Steffens and Senyard (2009) find that the use of high levels of bricolage is associated with low levels of disadvantages and has a positive effect on key resources in businesses. Desa and Basu (2013) indicate that firms may be driven to using bricolage by different motives and differentiate between necessity-based and ideational bricolage. Although in the first case firms engage in bricolage as a way to procure the resources they need and cannot access by other means, in the second case bricolage comes out of choice as a mechanism to foster strategic renewal in highly munificent contexts.

Previous works have applied bricolage to contexts of technological entrepreneurship (Garud and Karnøe, 2003), entrepreneurship in situations of resource constraints (Baker et al., 2003; Baker and Nelson, 2005; Mair and Marti, 2009), in a context of institutional entrepreneurship (Hmimda, 2009; Phillips and Tracey, 2007), in a context of businesses with high potential sustainability (Senyard, 2010), in uncertain environments (Ciborra, 1996) and in a context of pre-incubation of technology-based businesses (Groen and Kraaijenbrink, 2010). However, bricolage is most relevant for analyzing entrepreneurship that takes place in penurious contexts (Linna, 2013; Fisher, 2012), given that this theory assumes individuals "make do" with resources at hand because they cannot acquire standard resources to face challenges.

There are few studies that explore bricolage in specific settings of extreme resource constraints and most of them are based on case studies. For example, Linna (2013) indicates that

in the context of Kenyan innovator-entrepreneurs who design low-cost renewable energy solutions for rural people at the Base of the Pyramid, three different bricolage behaviors are associated with different stages of the innovation process: a social mindset combined with resourcefulness; making do with resources at hand; and improvisation as way of proceeding. Mair and Marti (2009) show how an NGO resorts to bricolage to fulfill its mission of social and economic inclusion of ultra-poor women from Bangladesh by using a highly diverse repertoire of resources and continuously engaging in sense-making. Their analysis indicates that bricolage is inherently political and can have unintended and potentially negative consequences.

However, the consequences of bricolage in settings characterized by extreme resource constraints have not been systematically explored. Evidence in this sense is relatively scarce and the majority of research is inductive in nature. The following section reviews previous research on the relationship between bricolage and firm performance and proposes hypotheses about this relationship in the specific context of Palestinian female entrepreneurs.

5.2.3. Bricolage and performance

Regarding the relationship between bricolage and firm performance, previous studies indicate that it is not straightforward and, to a significant extent, depends on various factors both internal and external to the firm. For example, Baker and Nelson (2005) point out that bricolage limits firm growth when applied systematically to several ongoing projects, although it can stimulate firm growth when used selectively. When applied systematically, bricolage disperses efforts toward multiple novel projects, limiting opportunities for growth. Conversely, when bricolage is applied selectively to start up a firm or to solve a particular problem and then rejected, it allows firms to avoid the constraints of embedded ties and recursive use of bricolage, and supports growth. Hmieleski et al. (2013) find that the relationship between improvisational behavior —because bricolage can be defined when it is not applied to pre-defined goals (Baker et al.,2003) — and firm performance is dependent on environmental conditions and the personal attitudes of the entrepreneur, such as optimism. In dynamic contexts optimism negatively alters the relationship between improvisational behavior and firm performance. In the case of businesses with high potential sustainability, Senyard (2010) suggests that the use of bricolage is determined by resource constraints that also include the global financial crisis and institutional impacts.

Recently, the work of Senyard et al. (2009) has explored the relationship between bricolage and performance considering the influence of innovative orientation of businesses. They indicate that bricolage can have a positive impact on performance only during the creation stage and might be detrimental in subsequent stages of business development. Innovativeness negatively moderates the relationship between bricolage and firm performance in young firms because combining bricolage and innovativeness involves a process of experimentation and gradual accumulation of skills with negative outcomes for current results (Senyard et al., 2009). However, Lévi-Strauss (1967) suggested that bricolage can sometimes “reach brilliant unforeseen results” and even create breakthrough innovations.

Therefore, previous evidence about the influence of bricolage on firm performance is mixed and indicates this relationship varies depending on various factors related to the context in which bricolage takes place and the characteristics of the entrepreneurs and their firms. Because of their particular institutional and political context, Palestinian female owned firms represent a specific context for the analysis of bricolage and firm performance characterized by significant resource restrictions.

Although previous research in more generalist contexts indicates that systematic use of bricolage can create a firm identity that constrains growth (Baker and Nelson, 2005); in particular cases, such as that of Palestinian female-led firms, this type of behavior may be critical, given the lack of other options. In this sense, Desa (2011) shows that firms acting in weak, uncertain or emergent regulatory institutions resort to bricolage to mobilize resources and legitimize themselves with the aim of gaining access to institutional support.

The resource restrictions Palestinian female entrepreneurs’ face derive from both being female entrepreneurs and living in a context strongly marked by political conflict and patriarchal traditions. General literature on female entrepreneurship has indicated that female-led firms face restrictions in accessing resources as part of a wider system of disadvantages in which women are affected by stereotyped thinking that portrays them as inferior to men (Marlow and Patton, 2005). For example, access to financing constitutes a challenge for many entrepreneurs, but it seems that women experience additional disadvantages associated with gender, a fact that limits their capacity to accumulate savings and generate attractive histories for investors (Marlow and Patton, 2005; Alsos et al., 2006; Greene et al., 1999). Moreover, the Palestinian context is

characterized by additional constraints derived from its political situation and patriarchal social institutions. A low level of education (the rates of female enrollment in higher education have been increasing during the last decades, from 5% in 1995 to 14.1% in 2011, but they are still low compared to the average of OCDE countries), high average number of children and lack of daycare facilities, general negative perceptions about women working outside their homes, and lack of public infrastructure for business represent strong constraints for Palestinian female entrepreneurs (Strier and Abdeen, 2009).

In this context, engaging in external resource-seeking might be a costly endeavor in terms of time and effort, and its results are highly uncertain because of both a lack of external resources (the Palestinian context is highly penurious in terms of resources and infrastructure for entrepreneurship) and the additional restrictions female entrepreneurs face when seeking resources. From this point of view, bricolage appears to be a more effective alternative to waiting for external scarce resources or doing nothing (Senyard et al., 2009). In this vein, Desa and Basu (2013) highlight the importance of bricolage based on local knowledge and resources especially when firms operate in penurious environments and they are not prominent, which is usually the case for female-owned firms.

In bricolage, entrepreneurs face new challenges with resources at hand. Therefore, Palestinian female entrepreneurs can create new resources for facing challenges in a more rapid fashion than seeking external resources and this can have positive consequences for the performance of their firms (Senyard et al., 2009). Moreover, bricolage involves combining existing resources in new ways, which can lead to the identification of new entrepreneurial opportunities with positive consequences for firm performance. Based on these arguments, we propose the following hypothesis:

H1. Bricolage has a positive influence on firm performance.

5.2.4. Bricolage and type of growth strategy

Although bricolage can be the best alternative for obtaining resources in extremely penurious contexts, previous research indicates that the relationship between bricolage and firm performance is reliant on various factors internal and external to the organization (Senyard et al., 2009; Hmieleski et al., 2013; Desa and Basu, 2013). In this section we propose that the type of

growth strategy the entrepreneurs seek to develop affects the relationship between bricolage and performance. We focus here on two common types of strategies firms usually use to grow: new product development (that is: introduce a new product or service, research and develop a new product or service and improve the quality of an existing product or service to make it more profitable or effective) and new market entry (that is: offer products or services in a new area of the city or country, expand an existing location or open a new location).

Salunke et al. (2013) find that seeking out new opportunities for development is positively associated with bricolage behavior and that both of them are positively associated with different types of innovation, which in turn generate competitive advantages in project-oriented firms. However, bricolage only has a significant direct relationship with supportive service innovation, which is defined as those innovative changes not visible to the customer, such as sourcing and production related innovation. The relationship of bricolage with interactive innovation, defined as those innovative changes visible to the customer such as image, delivery and customization, is indirect, through supportive innovation. These results suggest that the capacity of bricolage to sustain the introduction of different types of changes within the organization depends on the type of change itself and the kinds of resources required.

Therefore, all else being equal, we expect bricolage to play different roles, depending on whether the firm seeks to develop new products or enter new markets, given that these strategies require different types of resources, capacities and organizational routines. Nelson and Winter (1982) indicate that firms generally encounter advantages when trying to expand by doing more of the same and face difficulties when trying to expand by doing something else. In this sense, Mishina et al. (2004) find that although the new product development has negative consequences for performance in the short term, the exploitation of new markets improves performance in the short term. Barbero et al. (2011) also find that different growth strategies are associated with the deployment of different types of resources and capacities. For example, the deployment of human resources capacities is associated with new product development, but not with new market entry.

We propose that using bricolage to introduce new product/services or changes in current product/services, be it purposeful or unintentional development with resources at hand, may not systematically improve performance. On the one hand, purposeful product/service development

may require new resources and capacities different from the ones the firm can easily obtain by combining current resources (Mishina et al., 2004). For example, providing a new service or developing a new product might require different types of skills the firm does not possess, as well as deployment of human resources capacities (Barbero et al., 2011). Developing these skills and capacities through self-learning and experimentation can slow down the process, increase the levels of unpredictability and put the firm at disadvantage with competitors (Leonard-Barton, 1995). From this point of view, the interaction between bricolage and product/service-growth opportunities may result in a low firm performance. New product development can be also seen as attempts to introduce more radical innovations. In this sense, Senyard et al. (2009) show that the interaction between innovation and bricolage has negative consequences for firm performance. On the other hand, new products/services that can come out as a result of combinations between the resources at hand might not necessarily respond to market needs; therefore, applying bricolage to develop new products/services might not systematically enhance performance. Moreover, creating markets for new products/services resulting from bricolage may be too expensive for firms operating in environments with extreme constraints on resources. Based on these arguments, we propose the following hypothesis:

H2. Bricolage weakens the relationship between product-growth strategy and firm performance.

In turn, entering new markets involves expanding the current product/services to new markets, with firms therefore being able to build on their previous resources, capacities and routines. In this sense Nelson and Winter (1982) indicate that previous success in a given activity increases the chances of being successful with capacities of the same sort. Market expansion is easier to develop with positive outcomes than product expansion because the firm can draw on existing experience, resources, capacities and routines to sell its product/services in a different location. Mishina et al. (2004) indicate that new market entry can be exploited faster than new product development with positive outcomes for short-term performance. Bricolage is consistent with the new market entry because it builds on existing internal and external resources. Barbero et al. (2011) showed that existing market capabilities are positively associated with new market entry. Selling in a different location within the same institutional context is not susceptible to requiring new skills and firms can meet these new requirements by making do with resources at hand. The existing skills, resources and capacities are consistent with the demands that might come from selling the same products/services in a new area or opening a new location.

Therefore, making do with these resources can sustain the new market entry with positive outcomes for performance. Based on these arguments, we propose the following hypothesis:

H3. Bricolage strengthens the relationship between market-growth strategy and firm performance.

5.3. Method

5.3.1. Sample and data collection

The study population consists of all the female entrepreneurs in the West Bank of Palestine whose enterprises were formally registered in the Federation Chamber of Commerce Industry and Agriculture by 2011. This population counted 471 female-led firms. Their contact details were obtained from the Federation Chamber of Commerce Industry and Agriculture and all of them were contacted by email or telephone by a member of the research team that is Palestinian to establish a face-to-face interview. Of the total population, 160 accepted to participate in the study (33.97 percent response rate). The data was collected through face-to-face interviews, using a structured questionnaire between September 2nd and November 4th 2012.

The majority of the interviewees were married (66 percent), 25 percent were single, 3.8 percent were divorced and 5.1 percent were widowed. Regarding the educational level, 18 percent of them had primary studies, 19.4 percent secondary, 23.1 percent had a college degree, 25.6 percent held a Bachelor's degree, and the remaining 13.8 percent a post-graduate degree (MA, PhD). 64.4 percent of the respondents had previous experience in the same field, while 28.7 percent had previous experience activities in other fields. 56.9 percent didn't have specific training in business, but 65 percent had previous working experience before starting their current businesses. Business ownership was individual for 52.8 percent. 30.6 percent shared the ownership with their family, 15 percent with other partners and 1.3 percent had another specific situation. Only 9.4 percent of the women interviewed admitted to having had access to traditional lending institutions (e.g. banks) as a source of funding when starting up their businesses.

Regarding the characteristics of the businesses, the data reveal a profile of small companies, on the whole active in traditional sectors and with a low level of innovation in their

products and services. In relation to size, 91.7 percent of the businesses in the sample had fewer than ten employees. Addressing the activity sector, 56.9 percent were in commerce, 23.8 percent services, 8.1 percent manufacturing, 6.9 percent agriculture and 3.1 percent belonged to the category other. Regarding competitors, in 61 percent of cases the strongest competition came from a business located nearby, 13.6 percent from businesses located elsewhere, and 23.4 percent consider that they do not have competitors.

We took several steps to minimize the potential effects of common method variance (Podsakoff et al., 2003). To control for the problem of ambiguous items, we performed a pre-test using ten firms that were not included in the final sample. Ensuring a clear understanding of the concepts and items helps to prevent the respondents from developing their own idiosyncratic meanings for them. We also specified that there were no right or wrong answers and that data were confidential and would only be used in aggregate form. These procedures should reduce people's evaluation apprehension and make them less likely to edit their responses to be more socially desirable, lenient, acquiescent and consistent with how they think the researcher wants them to respond. To avoid possible bias generated by the collection of retrospective data, the questions referred to the last three years to ensure the managers remembered relevant and precise information. In addition, we checked for common method bias using Harman's one factor test. A principal factor analysis of all measurement items yielded eleven factors with eigenvalues larger than one. These factors accounted for 71.1 percent of the variance. Because the first factor accounts for 15.76 percent of variance (less than half the variance explained by the set of factors with eigenvalues greater than one), common method variance is unlikely to be a serious problem in the data (Podsakoff and Organ, 1986).

5.3.2. Measures

The measures for the variables consisted of multi-item five-point scales (from 1 to 5, where 1 means total disagreement and 5 total agreement). They were all validated using confirmatory factor analysis (CFA) and reliability was assessed using Cronbach's alpha, Composite Reliability (CR) and Average Variance Extracted (AVE). All scales used and the results of the CFA are exposed in the final Appendix.

Our dependent variable, business results, has been assessed on a four-item scale. Respondents were asked to rate their satisfaction with business results compared to other similar businesses regarding the following variables: growth in profit, sales, investments, and number of customers. Previous studies have indicated that comparisons with competitors reveal more consistent information about the performance of a firm (Wang, 2008; Wiklund and Shepherd, 2003). On the other hand, studies that consider only one dimension or a very narrow interval of firm performance (e.g., multiple indicators of profit) may produce incorrect conclusions for the construction of descriptive and normative theories (Lumpkin and Dess, 1996). In this case we have opted to use perceptual performance measures for various reasons. First, in the pre-test the women interviewed displayed reluctance or refused to offer information on objective measures such as profits or revenues, arguing that this information was confidential; however, they showed no inconvenience in responding to perceptual performance measures. Second, using a multidimensional measure based on perceptual firm performance facilitates comparisons across firms and contexts, such as across industries, time horizons and economic conditions (Song et al., 2005). Third, there is no access to other secondary sources of information to collect objective data from the results obtained by these firms.

To measure bricolage, our main dependent variable, we used the eight-item scale developed by Senyard et al. (2009) to assess the frequency at which entrepreneurs employ a bricolage behavior understood as “making do by applying combinations of the resources at hand to new problems and opportunities.”

The other independent variables, new market entry and new product development strategies, were evaluated employing three-item scales that asked for the degree of agreement with statements related to market expansion and product changes/new product introduction, respectively.

Similar to previous research (e.g., Salunke et al., 2013; Senyard et al., 2011), as control variables of performance, we consider the firm age, size (measured by number of employees), sector of activity (agriculture/industry, commerce and services) and the degree of product/service innovation measured through a dichotomous variable, which evaluated the business setup to introduce a new product/service in the local market. The election of this control variable is because of its proven influence on firm performance. Additionally, considering that literature on bricolage and female entrepreneurs draws attention to the fact that firm development is

conditioned as much by restrictions on access to resources as it is by the social context in which entrepreneurs are established (Baker and Nelson, 2005), we have incorporated restriction and support variables. Restriction and support variables for female entrepreneurs are referred to factors that can respectively hamper or enhance the development of their firms. They were drawn based on previous studies about women entrepreneurs in general (Shaw et al., 2009), specific reports on the barriers and support factors for Palestinian female entrepreneurs (Qazzaz et al., 2004) and contextual factors that support entrepreneurship in resource-restricted settings (Amoako and Lyon, 2014; Newman et al., 2014). We developed four restriction variables that referred to business, personal, network and location barriers and two support variables that referred to the emotional, knowledge and relational support perceived from the community and women business associations.

5.4. Results

We used a linear hierarchical regression analysis with moderating effects to test the hypotheses proposed. Table 1 shows the correlations, the means and the standard deviations of the variables used in the study. Table 2 shows the results of the regressions analyses. To rule out the possibility of any effect derived from multicollinearity, we performed a contrast, which determined that the variance inflation factors (VIF) of the variables did not exceed 2, eliminating thus the possibility of multicollinearity. In the last model, to rule out any effect derived from multicollinearity, we centered the means for the interaction terms, subtracting the mean of the starting values and recalculating the product of the two (Jaccard and Turrisi, 2003). On repeating the test for multicollinearity, we observed that the VIFs of the variables did not exceed 2, thus establishing that multicollinearity does not affect the results.

Model 1 analyzes the influence of the control variables. They all explain with statistical significance 17.7 percent of the variation in firm performance. Regarding the role of control variables, we can observe that only the support perceived from the community is significant and, as expected (Amoako and Lyon, 2014), positive.

In model 2 we introduce the independent variables: new market entry and new product development and bricolage. As we can observe, the β coefficient is positive and statistically significant for the three variables, indicating a positive influence on firm performance and

confirming our first study hypothesis regarding bricolage. The incorporation of these variables improves the adjusted R² by 0.14, increasing the model's total explained variance to 0.318.

Model 3 incorporates the interaction terms between bricolage and new market entry and new product development. We can observe that the coefficient corresponding to the interaction term between bricolage and new product development is negative and statistically significant, while the coefficient corresponding to the interaction term between bricolage and new market development is positive and statistically significant. The total explained variance of the model significantly increases by 0.064 and reaches 0.382. These results confirm our second and third hypotheses.

Table 5.1. Correlations, mean and standard deviations

Variables	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1.Business Results	3.568	0.814	1														
2. Firm Age	7.938	7.601	-0.090	1													
3. Size	1.054	1.117	0.126	0.288**	1												
4.Agriculture/ Industry	0.146	0.354	0.152	-0.154	0.107	1											
5.Commerce	0.576	0.496	-0.084	0.071	-0.199*	-0.482**	1										
6.Services	0.241	0.429	-0.038	0.067	0.214*	-0.234**	-0.641**	1									
7.New product/service	1.940	0.243	-0.089	0.168*	-0.110	-0.036	0.036	-0.038	1								
8.Business restrictions	2.909	0.889	-0.153	-0.198*	-0.070	-0.064	0.049	-0.038	-0.140	1							
9.Personal restrictions	2.333	0.963	-0.088	-0.220**	-0.264**	0.068	-0.063	-0.063	-0.076	0.285**	1						
10.Network restrictions	3.457	0.910	-0.084	0.007	0.042	-0.144	0.214**	-0.153	0.115	0.437**	0.091	1					
11.Location restrictions	2.462	1.111	-0.072	-0.241**	-0.218*	0.151	-0.135	-0.063	-0.071	0.255**	0.404**	0.042	1				
12.Community support	2.857	1.014	0.361**	0.035	0.157	0.011	-0.018	0.002	-0.183*	-0.116	0.024	-0.088	-0.148	1			
13.Women business associations support	2.511	1.299	0.244**	-0.008	0.254**	0.103	-0.037	-0.052	-0.092	0.084	-0.046	0.037	0.013	0.311**	1		
14.Product growth opportunities	3.617	0.962	0.462**	-0.147	0.217*	0.214**	-0.180*	-0.004	-0.134	0.009	0.008	0.111	-0.015	0.226**	0.265**	1	
15.Market growth opportunities	2.619	0.936	0.414**	0.137	0.305**	0.157	-0.124	0.003	-0.150	-0.029	-0.184*	-0.085	-0.146	0.222**	0.251**	0.463**	1
16. Bricolage	4.000	0.640	0.378**	-0.037	0.199*	0.063	-0.115	0.134	-0.105	-0.166*	-0.205*	-0.056	-0.069	0.212**	0.151	0.362**	0.297**

*Pearson correlations are reported; * significant $p < 0.05$; ** significant $p < 0.01$*

Table 5.2. Results of the Regression for Business Results

Variables	Model I	Model II	Model III
	Beta	Beta	Beta
Control Variables			
Firm Age	-0.168	-0.130	-0.138
Size	0.072	0.004	-0.007
Industry /Agriculture	0.109	0.082	0.035
Commerce	0.044	0.062	0.001
Services	-0.046	-0.053	-0.148
New Product/service	-0.002	-0.060	0.045
Business restrictions	-0.174	-.123	-0.169
Personal restrictions	-0.065	-0.012	0.009
Network restrictions	0.047	-0.006	0.030
Location restrictions	-0.029	-0.008	-0.024
Community support	0.351***	0.282**	0.241**
Women business associations support	0.096	-0.006	0.025
Independent variables			
Product growth strategy (PG)		0.194*	0.127
Market growth strategy (MG)		0.198*	0.225**
Bricolage (BR)		0.183*	0.229**
Moderators			
MG x BR			0.226**
PG x BR			-0.301***
Model			
R ²	0.257	0.401	0.468
Adjusted R ²	0.177	0.318	0.382
Change in adjusted R ²	-	0.141	0.072
F	3.197***	4.826***	5.474***

Standardized regression coefficients are reported: *p<0.05 ** p<0.01 *** p<0.00

5.5. Discussion and Conclusions

One of the starting premises indicated by literature on bricolage is that some entrepreneurial initiatives are subjected to strong restrictions on financial, physical or human resources and, despite this, many remain in the market and grow, find answers to problems presented by the market and exploit opportunities (Baker et al., 2003). This work focuses on the study of bricolage in the particular case of female entrepreneurs in Palestine. This context of

analysis adds additional restrictions on those associated with entrepreneurial activity relating to women and the social, political and economic environment in which they are immersed. The results gleaned from the study permit a broadening of literature on bricolage, entrepreneurship in contexts of extreme resource constrictions and female entrepreneurship.

First, considering characteristics specific to this context, this article contributes toward generating greater knowledge on how entrepreneurs benefit from the use of bricolage to survive and grow with available resources. Specifically, it provides quantitative evidence about the positive and direct influence of bricolage on firm performance. Research about the consequences of bricolage for firm performance is at an early phase, where evidence is relatively scarce and the majority is inductive in nature. This work complements previous findings on more general samples from different economic contexts that have shown mixed results on the outcomes of bricolage behavior (Garud and Karnøe, 2003; Senyard et al., 2009; Baker and Nelson, 2005).

Most previous studies on the role of bricolage in contexts of resource scarcity have focused on social ventures. Following recommendations from the social entrepreneurship literature (Di Domenico et al., 2010), our research broadens the scope of bricolage research to include different cases and settings characterized by resource scarcity. We find that bricolage remains an alternative for facing resource-deprived environments, as well as for entrepreneurs who lack social empowerment. This finding is consistent with the results of Desa and Basu (2013), who find that bricolage represents an alternative for mobilizing resources and sustaining performance under conditions of low environmental munificence and low entrepreneur prominence. Additionally, we show that, although bricolage has a positive relationship to firm performance, this relationship can be strengthened or weakened by the type of growth strategy the entrepreneur develops.

Second, it advances knowledge about the specific conditions under which bricolage has a greater potential to stimulate firm performance. Previous studies have revealed that bricolage behavior can enable entrepreneurs to overcome resource constraints, but it can also lock firms into a self-reinforcing cycle of activities that limits growth (Baker and Nelson, 2005; Fisher, 2012). Our study complements these results by showing that bricolage must be aligned with specific types of growth strategy to generate positive results. When firms seek to expand by introducing their current products/services in new markets and opening new locations, bricolage

enhances performance. Conversely, when firms seek to introduce new products/services or modifications in the current products/services; a higher level of bricolage hinders performance. The analysis of the strategic literature allows explanations to be offered for such results.

To a large extent, the development of growth strategies depends on the resources needed to implement these strategies (Wright and Stigliani, 2013; Gilbert et al., 2006). Anderson (2008) suggests product diversifications involve transaction costs in the sense of searching for information and acquiring know-what from external sources. Nor is the internalizing and combination of new elements of knowledge with that which is already available straightforward. Therefore, although processes of bricolage enable organizations to make use of that built up locally, one has to supplement available knowledge with elements of know-what. Considering the characteristics of the firms in our study in traditional and low-innovating sectors, the combinations of current resources might not be enough to face the requirements of the new product/service the firm seeks to develop and introduce onto the market; additional resources such as new skill, new knowledge and other external business resources might be needed. The development of these resources through bricolage may delay or stall the process and put the firm at a disadvantage with competitors, thus negatively affecting its performance. This is consistent with previous results, such as that of Senyard et al. (2009) who find that the combination between bricolage behavior and innovativeness has negative consequences on performance in young firms. Furthermore, this study suggests that although the use of bricolage has an underlying creative component that could influence the development of innovations of a different nature (Salunke et al., 2013), they do not always translate into better results for the firms.

Conversely, when a firm seeks to develop new markets, employing bricolage behavior has positive consequences on performance. A market development strategy drives a firm to sell its products to new markets. An effective market development strategy may require the firm to use extensive advertising programs or partners that can promote the firm's products to the respective market (Gilbert et al., 2006). Making do with resources at hand, such as network resources, knowledge and skills gained from previous experience with current products/services, can help the firm develop organizational routines that can assist the firm to expand its current markets and grow. Organizational capabilities are the result of an organizational learning process (Winter, 2000) and a combination of experiences over time (Schreyögg and Kliesch-Eberl, 2007). Thus, bricolage can contribute to the generation of capabilities that do not require the

selection and recombining of complex resources based on specialized knowledge. Through their continued operation in the market and the use of bricolage, firms are able to accumulate and develop knowledge and capabilities related to the market and sales to sustain new market entry (Barbero et al., 2011).

These results allow for advancement in the connection of bricolage with the strategic decisions of firms and the generation of resources and capabilities for their successful implantation, suggesting new lines of research. First, according to resource-based view (RBV), organizational capabilities are major sources for the generation and development of sustainable competitive advantages (Barney, 1991; Wernerfelt, 1984). A capability is a distinctive and superior way of allocating resources and does not represent a resource per se such as those in the area of financial assets, technology, or human capital (Grant, 1991). Recent works consider bricolage as a capability in itself. For example, Salunke et al. (2013:1087) conceptualize bricolage as “a distinctive capability and (it) refers to the project-oriented service firm’s capacity to recombine resources when faced with resource constraints or when having to work with limited resources to generate greater value for or with the respective customers.” From this perspective, bricolage can contribute to the generation or reinforcement of other capabilities of firms necessary to improve their competitive advantage. Additionally, if we consider that capabilities are developed in the context of organizational resource allocation that is embedded in idiosyncratic social structures (Schreyögg and Kliesch-Eberl, 2007), the combination of different levels of analysis (individual, company and macro-level) could provide rewarding explanations regarding the role of bricolage in the achievement of business objectives. To advance research in this direction, future studies can also explore which are the specific behaviors entrepreneurs develop to make do, what types of resources they use in this process and whether the solutions developed thorough bricolage adequately respond to different types of problems in the firm.

Furthermore, this study indirectly supports the contingent focus of strategic literature according to which firm performance achieved through their strategic options depends to a large extent on their adjustment to resources and capabilities (Edelman et al., 2005; Gruber et al., 2010; Ouyang, 2009). The obtaining of performance with the use of bricolage appears to be related to the adjustment of resources and capabilities to the type of growth strategies that entrepreneurs develop (Steffens and Senyard, 2009). Future studies could elaborate on the

configuration of resources and capabilities that bricolage may provide for different strategic options and within different contexts. Future longitudinal studies should also explore whether in the long run, the negative interaction between bricolage and product-growth strategies holds.

Finally, with this work we respond to the call for research into new areas that literature on female entrepreneurs requires (Hughes et al., 2012; Jennings and Brush, 2013). Literature on female entrepreneurship suggests that female entrepreneurs are embedded in gendered socio-economic and cultural structures which condition their behavior and the decisions they make (Brush et al., 2009). This fact makes it harder for women to access the financial, human or social capital necessary for the development of their businesses (Shaw et al., 2009). Women usually have less knowledge and experience in the entrepreneurial and working worlds than men (Carter et al., 2001) and face more difficulties than their male peers in accessing support networks (McGowan and Hampton, 2007; Moore and Buttner, 1997). Various studies have emphasized that women face additional restrictions in obtaining financial resources because of their lack of credibility from the perspective of financial institutions (Brush et al., 2001; Coleman, 2000; Marlow and Patton, 2005). This study contributes to female entrepreneurship literature by shedding light on how female entrepreneurs acting in extremely adverse contexts can improve the performance of their firms. It shows that bricolage behavior sustains firm performance and growth in markets, but is not a helpful alternative for those firms aiming to develop new products/services. Furthermore, this study represents one of the first research efforts to offer an insight into the behavior and performance of female entrepreneurs in the Palestinian context.

Apart from the implications for research described above, this study has also implications for practice and public policy. From a practice perspective, this study indicates that in hostile environments, making do with resources at hand can provide entrepreneurs with unique resources to develop their activity, and this positively impacts on the performance of their firms. However, entrepreneurs in hostile environments should avoid using bricolage to systematically develop the resources needed if they seek to grow in products, because at least in the short run this can put them at disadvantage with competitors. In this sense, administration can play an important role by developing public policies aimed at supporting entrepreneurs who seek to introduce new products into the market. These policies should be directed on the one side toward mitigating the high risk associated to this type of strategy (for example creating investments funds for research and development) and, on the other side, administration could directly provide

resources like offering advantageous loans and training in subjects related to new product launching or create networks that provide access to resource owners.

Like any research, this one is not exempted of limitations. All the measures used in this study are based on self-reported data collected through a questionnaire. To minimize the potential effects of common method variance, we used several procedural remedies, as indicated in the methodology section (Podsakoff et al., 2003) and tested for common method bias using Harman's one-factor test. We found that common method variance is unlikely to be a serious problem in the data. Furthermore, the present study is cross sectional; the effects of bricolage on performance may require a time lapse to be fully assessed. Finally, because it is a context with very specific characteristics, new studies in other countries and in different types of firms could help to corroborate the results shown in this investigation.

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CHAPTER 6: SELF-EFFICACY AND ENTREPRENEUR'S CAPABILITIES

6.1. INTRODUCTION

A country's wealth creation and dynamism depends on business competitiveness, which in turn fundamentally depends on the skills of its entrepreneurs and managers (Cuervo, Ribeiro, & Roig, 2007). Obviously, the success, performance and growth of small and medium enterprises are highly depends on entrepreneurial skills (Mitchelmore & Rowley, 2013), as the independence and management structure of small companies place entrepreneurs in a critical position in terms of business operations. The entrepreneur sets up and organizes the business, takes risks, accepts full responsibility for the venture's outcomes (Tagrafa & Akin, 2009), seeks opportunities to satisfy unfulfilled needs, allocates the required resources and also markets the new business idea (Cuervo et al., 2007). For all these reasons, it is clear that entrepreneurs are one of the most important factors determining the success of a business (Driessen & Zwart, 2007).

Our interest in understanding the entrepreneurial skills of women-led companies that determine business performance is related to the fact that high performance businesses are responsible for creating new job opportunities and innovative activities in the economy (Brown, 2007). As well as the competitive advantages that small firms can bring to the marketplace. However, few businesses are capable of sustaining high performance rates for long periods of time (Barbero, Casillas, & Feldman, 2011). In specific, looking to women entrepreneurial activity is essential in order to identify how small businesses can be transformed into growth-oriented firms; since women businesses remain concentrated in low productivity sectors with limited potential for growth, particularly, in the developing countries (Cirera & Qasim, 2014), the potential of their firms to growth is highly dependent on internal factors. To perform well, women entrepreneurs should increase related industry experience, develop business skills, and seek to achieve success (Lerner, Brush, & Hisrich, 1997).

From this perspective, studies of the relationship between entrepreneurial skills and company performance are an important reference (Driessen & Zwart, 2007). In his study Hess (2012) argues that growth requires the individual to fundamentally change to become an entrepreneur, manager and eventually a leader. Kiggundu (2002) states that overall entrepreneurial skills include attitudes, knowledge and abilities needed to succeed as an entrepreneur. Although over the years there have been some notable studies that have sought to examine the skills and competences of the entrepreneurs (Mitchelmore & Rowley, 2013) they are few in number, and to the best of the researcher's knowledge, this research provides the first attempt to investigate effects of individual factors and entrepreneurship skills in relation to women's firms' performance in the Palestinian context.

In the Palestinian context, companies have low survival rates, which often are due to personal entrepreneurial factors (Qazzaz & Murrar, 2005). Given the low rate of Palestinian women's involvement in the work force in general and in entrepreneurship activity in particular, we seek to gain a deeper insight into Palestinian women's entrepreneurship as well as their personal characteristics and entrepreneurship skills in relation to operating a business for superior performance. We focus on small-medium enterprises run by women in Palestine, and in particular personal factors, i.e. self-efficacy and competencies in terms of detecting opportunities, accessing resources and the managerial skills, and investigate their influence on firm performance.

We analyze these issues from a resource-based perspective. This approach argues that a company's sustained competitive position is shaped by organizational resources and capabilities that are scarce, of high value, non-substitutable and not easily imitated (Penrose, 1959; Barney, 1991; Wernerfelt, 1984).

6.2. General Review of Women Entrepreneurs

In particular, female entrepreneurs use their knowledge and resources to create and develop new business opportunities. Many of these women lack equal status with men and trustworthiness as entrepreneurs and always have more difficulty establishing themselves and being accepted in the business community (ILO, 2007). They are exposed to more challenges and constraints (Alsos & Ljunggren, 1998) in securing finance to establish their business

ventures (Fielden & Davidson, 2010) and in accessing human and social capital (Carter, Anderson, & Shaw, 2001). Notably, ventures owned by women have been found to be less likely to grow and more likely to merely survive (Lee & Stearns, 2012). Hence, confidence, leadership, and managerial skills are a requisite for women entrepreneurs in order to gain access to new markets as entering the market offers learning challenges in terms of effectively operating the business and attempting to meet all demands of entrepreneurship. It is important to understand why women have entrepreneurial ambitions, what guides them in this pursuit (Stevenson, 2010) and how far personal resources and different skills influence company performance.

Furthermore, general studies of female entrepreneurship in the literature indicate that women are less well placed than men when attempting to access resources (Marlow & Patton, 2005). Accordingly, entrepreneurs need to develop their skills to obtain resources to organize and exploit opportunities (Cuervo et al., 2007). In their study Lerner & Almor (2002) examined a range of entrepreneurial competencies in women and found evidence of the link between an entrepreneur's skills and venture performance. In the same vein Chandler & Hanks (1994) highlight that entrepreneurs needed to be skillful in two key roles, i.e. entrepreneurial (recognize and foresee taking advantage of opportunity) and managerial (acquire and utilize resources to coordinate the business interest and activities) in order to be successful.

6.3. Investigation of Female Entrepreneurs in Palestine

In general, Palestine has a very low rate of female participation in entrepreneurial activity (Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2012). It is considered to be one of the worst areas in this regard in the world, ranking 58 out of 60 countries in terms of early-stage enterprises and the second-worst area in terms of established entrepreneurial enterprises (Abdullah & Hattawy, 2014). The proportion of early stage entrepreneurial activity among women in Palestine was approximately 3.4% as compared to 16% for men (Abdullah & Hattawy, 2014). These low participation rates for women may be due to the nature of the Palestinian society in general (Murrar, 2009) and or to the difficulties women experience when initiating new ventures that hamper the development of their established businesses (Abdullah & Hattawy, 2014) like obtaining financial credit (Strier & Abdeen, 2009), official support shortage and poverty (Sadeq, Glover, & Hāmid, 2011), lack encouragement of women to get involved in entrepreneurship, lack of entrepreneurial education and social support (Al-Saleh, 2011). All these

factors could explain the limited extent of female entrepreneurial activity. On the other hand, Palestinian society is dominated by men where women are unable to compete and mostly end up in traditional industries which are less competitive than other sectors (Abdullah & Hattawy, 2014).

Although Palestinian women have in recent years played a more active role in the business sector, the number of female entrepreneurs is still relatively low (WorldBank, 2011). It is well known that women are forced into entrepreneurship due to the need for a source of income as compared to the opportunity factor in the case of male-owned enterprises (Abdullah & Hattawy, 2014; Kelley, Bosma, & Amorós, 2011). Despite their low participation rate in economic activities, firms owned by women in Palestine employ about 5.6% of the total workforce (Abdullah & Hattawy, 2014).

6.3.1. Characteristic of Palestinian women entrepreneurs

Shedding light on the characteristics of female Palestinian entrepreneurs is important in order to provide an insight into their situation. It has pointed out that young women aged (18-34) are concentrated in nascent and early stage entrepreneurship, while established businesses are run by those aged between 35 and 44 years of age (Abdullah & Hattawy, 2014). Education is an important social factor, with statistics showing that levels of educational attainment for both men and women are high in Palestine (PCBS, 2012). Specifically, it is reported that entrepreneurial activity rates are rising among college-educated women or bachelor degree holders more than among those lower levels of education (Abdullah & Hattawy, 2014). Furthermore, educational levels have an impact on the type of enterprises created, as small home-based ventures are run by those with a secondary education or less, while the more professional businesses using modern business practices tend to be owned by those with post-secondary education (RIYADA, 2008). On the other hand, women with low education qualifications work in the agriculture sector, where their families often own land and work is usually unpaid (Murrar, 2009).

Notably, Palestinian women are highly dependent on the support of a husband or male relatives in terms of advice, finance and encouragement (RIYADA, 2008). They also face difficulties that stem from culture, customs and traditions, have limited property rights (Sadeq et

al., 2011) and sources of funding (Al-Saleh, 2011; Qazzaz & Murrar, 2005), as they find it hard to get loans from commercial banks (RIYADA, 2008; Frykberg, 2010).

6.3.2. Characteristics of ventures run by Palestinian women

The ventures run by Palestinian women can be described as small or of average size (Qazzaz & Murrar, 2005), with low growth levels (Sadeq et al., 2011). They generally tend not to compete with large enterprises, take fewer risks, are more committed to family responsibilities and are more traditional and conservative, as reflected by the traditions in society (Qazzaz & Murrar, 2005). In Palestine most ventures are set up on the basis of personal experience and savings (Sabri, 2008), there are no favorable governmental policies on the allocation of funds to small businesses and entrepreneurs (Sabri, 2010).

Firms owned by women in Palestine are mostly concentrated in one economic sector, namely consumer oriented ventures, accounting for nearly 58% of the total, followed by manufacturing activity with 22%, agriculture and extractive activities, with 12.5%, business services with 7.5% (Abdullah & Hattawy, 2014); the service oriented sector accounts for more than all the other sectors combined (Sadeq et al., 2011).

It has reported that the rate of business failure in factor driven economies is relatively high, with personal reasons being the most common (Kelley et al., 2011). In Palestine, the failure of businesses run by women is attributed to a variety of factors such as the non-profitability of the business, lack of finance (Sadeq et al., 2011), personal reasons, societal beliefs, household and family commitments and male dominance (Abdullah & Hattawy, 2014). However, it has been reported that fear of failure is significantly higher among women than among men in low to middle-income countries (Kelley et al., 2011).

6.4. Theoretical Framework

Some people have the ability to see new opportunities and are more skillful to fulfill their ambitions about business whereas it is almost unattainable for others to acquire that kind of achievement (Baron, 2008). The individual entrepreneur is expected to have self-confidence, and the ability to take a risk.

In small firms, the owner is typically the source of actions of the firm, thus the owner usually has a strong impact on the firm's actions, policies and culture (Rauch & Frese, 2000). Entrepreneurship literature asserts that the abilities of the entrepreneur are the principal resource possessed by the firm. According to Knight (1921) entrepreneurs have been described as confident individuals who act in the face of uncertainty. They employ strategic management practices and manage businesses for the purpose of growth or profit. They are innovative and creative, which enables them to create new arrangements and combinations of activities (Schumpeter, 1934). They run their own businesses, accept risks and expend an enormous amount of time and energy on organizing their activities (Hisrich & Brush, 1987).

Consequently, in order to comprehend entrepreneurship, we first need to examine the entrepreneur's background as well as the reasons for creating enterprises given that success depends on a person's ability to create a workable business (Avolio, 2011). As evidenced by our review of the literature on entrepreneurship, we concentrate on personal characteristics and the role of entrepreneurial skills as there is no efficient performance without resources and a mature skill set (Brush & Chaganti, 1999): the ability to explore and exploit opportunities, to innovate and allocate the resources required for the business, and the ability to manage these resources (Barney, 1991) and take the appropriate major decisions.

It has been argued that people are motivated to become entrepreneurs by their belief in their skills, the quantity and the quality of perceived opportunities, and their skills may be affected by conditions such as economic growth, education and cultural values (Kelley et al., 2011). The study explains the personal factors, personal self-efficacy, e.g. commitment, hardworking and risk-taking propensity of the entrepreneur. We also focus on the entrepreneurial skills, e.g. the ability to recruit staff and find key business resources, the ability to manage financial and human resources, and the ability to find and exploit new opportunities. Previous studies (e.g. West & Noel, 2009) emphasize that in small firms, the entrepreneur usually wields the greatest influence on strategy and the direction a firm adopts and, therefore, that the behavior of the firm generally reflects the individual behavior of the entrepreneur. We can use this argument to extrapolate assumptions from the individual to the firm. We define female-led firms as those that have been created by and are owned by a woman, whether alone or with others, but in which the woman maintains the leadership of the firm.”

6.4.1. Personal self-efficacy

Owning and managing small businesses is psychologically positive as owners are responsible for their own success, are free to make and implement decisions and also reap the financial rewards. Several studies of personality traits have repeatedly mentioned the unique personality traits of entrepreneurs which include a highly developed desire of achievement and a willingness to take risks.

Personal self-efficacy is defined as an individual's own belief that he/she can manage in order to reach his/her goals (Bandura, 1997; Chen, Greene, & Crick, 1998); it is concerned with people's belief in their capacity to achieve certain goals (Bandura, 1997). Perceived efficacy plays a key role in human activity as it affects behavior both directly and also through its impact on goals and aspirations, outcomes, expectations and perceived impediments and opportunities in society (Bandura, 1995, 1997). A high level of personal self-efficacy can help individuals to maintain their efforts directed at goal attainment until their goals are reached (Kumar & Uz Kurt, 2010). Addressing the importance of how women perceive their personal self-efficacy should generate an understanding of the entrepreneurial spirit among female entrepreneurs and the desire for high performance

6.4. 2. Self-efficacy and performance

Women may develop strong efficacy beliefs for traditionally female occupations or activities and weak efficacy beliefs regarding their ability to succeed at male-dominated career paths and occupations (Betz & Hackett, 1981; Clement 1987; Lent & Hackett, 1987; Nevill & Schlecker 1988). Addressing the importance of how women perceive their personal self-efficacy should generate an understanding of the entrepreneurial spirit among female entrepreneurs and the desire for high performance.

It is argued that entrepreneurs believe in their capabilities to perform certain tasks, but they may avoid certain critical entrepreneurial activities because they lack self efficacy (Chen, et al., 1998). Gender differences are observed in domains that are stereotypically associated with "male" skills, including business and entrepreneurial careers. Females tend to be less confident in areas related to decision making and problem solving (Marlino & Wilson, 2003). Women are more likely to limit their career aspirations as they believe that they are lacking the necessary

capabilities (Bandura, 1992) and they have lower entrepreneurial self efficacy than men (Chen, Greene, & Crick, 1998; Gartner, 2002).

Entrepreneurial self efficacy develops over time and is influenced by a number of internal and external factors such as background, economic circumstances, personality and values (Cox, Mueller, & Moss, 2002). Boyd and Vosikis (1994) proposed that self efficacy could be developed by previous work experience, entrepreneurial experience and role models. Findings from a study show that there are no gender differences in entrepreneurial self efficacy dimensions: decisional, relational and financial (Garcia, 2012). While other research results conclude that women have lower entrepreneurial self efficacy for entrepreneurial intention (e.g. Kickul et al., 2008; Wilson et al., 2007).

Self-efficacy is crucial for entrepreneurial outcomes and performance (Bandura, 1997). Maintaining positive self-efficacy beliefs in face of challenges predicts entrepreneurial goal commitment (Erikson, 2002). Thus self efficacy formation is also influenced by the individual's assessment of the availability of resources and constraints, both personal and institutional that may affect the future performance (Ajzen 1987; Gist & Mitchell, 1992).

Studies by Baum et al. (2001), Baum and Locke (2004), and Hmieleski and Corbett (2008) found a positive relationship between the self-efficacy of entrepreneurs and the growth of their firms. Similarly, Forbes (2005) and Anna et al. (2000) have found a positive relationship between entrepreneurial self-efficacy and subjective measures of new venture performance. The findings of these studies suggest that entrepreneurs high in self-efficacy are likely to set challenging growth expectations for their firms and persist in their leadership efforts toward the accomplishment of those goals. From this perspective, we propose our first hypothesis:

H1. Personal self-efficacy is positively related to company performance for women entrepreneurs.

6.4.3. Entrepreneurial skills, managerial skills and performance

Prior research on female entrepreneurs found that companies run by women had lower sales, profit and employment levels (Robb, 2002; Watson, 2003). Other research studies have

shown that businesses owned by women underperform in terms of financial growth as compared to companies owned by men (Watson, 2003). On the other hand, it is still a topic of much debate whether entrepreneurs are born or made. Whilst, there are researchers who believe that entrepreneurship is a skill that can be learned (Cooney, 2012).

Skills are based on the ability to learn and to change (Nyström, 1979). Therefore, in the company life cycle, entrepreneurs have their own characteristics and skills that contribute to business success. We argue that resources in themselves do not produce customers, value or profit, as firms must have the ability to transform resources into customers, value and profit.

Skills are the source of major efficiencies of a firm, which considered as the basis of competitive advantage (Papula & Volná, 2013). The resource-based view as a basis of the competitive advantage of a firm lies primarily in the application of a set of valuable tangible and intangible resources at the firm's disposal (Penrose, 1959). In conducting business, managers differ in both the quantity and quality of their skills and abilities, which influences behavior and business results (Barbero et al., 2011). The theories argued that the attitudes and abilities of the business owner have an important impact on small firm growth, and will be reflected in strategic choices and the way in which the entrepreneur operates the business. In other words, as we are undertaking our research focusing on small businesses and the owner of the business-the center of our attention- it is often difficult to identify which of the company's many resources, both individually or collectively, account for high performance. We argue that women entrepreneurs develop entrepreneurial skills to perform a business using their accumulated human and social capital, in addition to personality in order to add a unique value to their business ventures. Additionally, resources, capabilities and competencies are the foundation of competitive advantage. However, resources alone do not yield a competitive advantage. Then, the capabilities are often based on developing, carrying and exchanging information and knowledge through the firm's human capital. Consequently, the foundation of many capabilities lays in the unique skills and knowledge of a firm's employees or the owner him/her self (as we are examining small enterprises) and, often, their functional expertise. The following section describes the three functions of skills and firm's abilities relevance to performance.

6.4.3.1 Ability to attract key entrepreneurial resources

According to the resource-based view (RBV), companies achieve and maintain competitive advantage by deploying valuable resources (Grant, 1991; Wernerfelt, 1984). Thus, the ability to integrate, build and reconfigure internal and external resources and skills as a means of introducing rapid changes in business environments is an essential component of business performance (Deeds, DeCarolis, & Coombs, 2000; Teece, Pisano, & Shuen, 1997). High value and scarce resources can generate competitive advantage which can be sustained over a long period of time so that companies can protect themselves against resource imitation, transfer or substitution (Abubakar, 2011). The growth of a company can be understood as a sequential process in which resource use is combined with the development of new resources (Pettus, 2003). From (RBV) perspective, performance differences between companies are due to variations in specific high value, rent-generating resources and capabilities that are not easily imitated or substituted (Amit & Schoemaker, 1993). We argue that entrepreneurs have specific resources that facilitate the recognition of opportunities and the assembling of resources for the business venture (Alvarez & Busenitz, 2001). Since entrepreneurship is an individual process, we assume that the personal ability to attract key resources positively affects the firm's performance.

Entrepreneurs focus on attracting financial resources and seek new customers with whom to negotiate contracts. Attracting resources plays a key role in entrepreneurial ventures and is important for their long term sustainability. However, if the entrepreneur is unable to identify new investments opportunities and solutions in order to bring together and combine these resources, there would be no profit opportunities or market benefits. The growth of a business venture, to a certain extent, depends on decisions made by individual entrepreneurs.

The ability to attract key resources, or the superior way of allocating resources under uncertainty, is a result of acting or practicing over time. Accordingly, business decisions enact routines and standard operating procedures for the purpose of achieving effective coordination (Cyert & March, 1963). Over time, with experience and knowledge, many entrepreneurs find creative ways to fund new business ideas (Michael, 1996). As a result, the entrepreneurial capability to attract key resources of economic value is influenced by a variety of experiences that the individual possesses (Eliasson, 1990). Even if specialized base of resources and services

may have considerable real options economic value (Kor & Mahoney, 2004), however, the unique characteristics of the entrepreneur can develop best results for the firm.

Previous studies have shown that women entrepreneurs face many challenges in proving their credibility when acquiring resources such as funding and supplies (e.g., Hisrich and Brush, 1983). The importance of human and social capitals influences the ability of women to access and attract resources. Consequently, women can overcome these barriers by high human and social capital as well as self efficacy to grow their businesses and devote their personal skills and abilities to a better performance. We have observed that, from an individual perspective, increasing resources not only strengthens the wealth of a society but also encourages more lasting forms of entrepreneurship (Shane, 2008). Accordingly, companies rely on the owner's ability to achieve competitive advantage, as the development of specific skills positively influences performance, we propose the following hypothesis:

H2: The ability of female entrepreneurs to attract key resources is positively related to business performance.

6.4.3.2. Ability to pinpoint opportunities

Entrepreneurship involves the identification, assessment and exploitation of opportunities, in other words, new products and services, production processes, strategies and new markets for products that did not exist previously (Shane & Venkataraman, 2000). The individual entrepreneur identifies and exploits opportunities and is regarded as initiating and driving a process of change (Cuervo et al., 2007). The identification and exploitation of opportunities is a necessary step in creating successful business ventures. However, it can take time to gather the appropriate information to reduce uncertainty and to build up the resources and skills before a decision to enter the market and to exploit an opportunity is made (Choi & Shepherd, 2004). Entrepreneurs often engage in risk taking in order to take advantage of opportunities with fewer and less adequate resources than other decision makers (Stevenson & Jarillo, 1990).

Apart from the overall context, opportunities for female entrepreneurs tend to be identified at a micro level and are generally influenced by aspects of a woman's daily life and

experience (Fielden & Davidson, 2010). Opportunity-driven start-ups are more likely to require higher levels of education, more experience and more effective networking than those driven by necessity (GEM, 2010).

The willingness of people to pursue entrepreneurial opportunities depends on such things as their opportunity cost (Amit, Mueller, & Cockburn, 1995) and their career experience (Carroll & Mosakowski, 1987). The mechanism for actualizing an opportunity often initially exists mainly in the entrepreneur's mind, making the entrepreneur's idea for how to exploit the opportunity a personal interpretation of the opportunity. The pursuit of opportunities can be managed and accomplished by different ways and involves different characteristics and capabilities of individuals (Kariv, 2013). Then the opportunity identification and exploitation draws on the ability of the business owner.

The research on entrepreneurship reveals differences between men and women in the interpretation of "opportunities". Women's unique gender socialization background have effects on and shape their perceptions, including those related to opportunities which reflect their background. The prior work experience, distinct entrepreneurial experiences, and education attainment differences between men and women also have an influence on the interpretations women and men make when identifying an opportunity (Kariv, 2013). Consequently women have different ways to detect and exploit opportunities, and their ability is determined by different characteristics. Women entrepreneurs tend to be less proactive in searching for new opportunities and are less likely to pursue an aggressive growth strategy. Instead, they are likely to seek opportunities to further continue the business (Brush, 1992; Verheul et al., 2002).

Such judgments may be mistaken; entrepreneurs sometimes believe that they have identified valuable opportunities when, in fact, no valuable opportunities actually existed, at least in the form in which they were conceptualized. Also, entrepreneurs may differ in how they interpret opportunities. McClelland (1961) argued that individuals who are high in need for achievement are more likely to engage in activities or tasks which have a high degree of individual responsibility for outcomes, require individual skills and have clear feedback on performance. Entrepreneurs who set up business ventures out of necessity are not only less likely to have identified valuable opportunities but also tend to have fewer abilities in relation to

managing in specific industries, finance or marketing knowledge. Women who identify new opportunities are more likely to survive and perform effectively in critical situations. On the basis of these assumptions, we have developed another hypothesis:

H3: The ability of female entrepreneurs to pinpoint new opportunities is positively related to business performance.

6.4.3.3. Ability to manage resources

Penrose (1959) has highlighted the crucial role played by managerial skills, as it is the only resource that cannot be acquired in the market over the short-term. Castanias & Helfat, (2001) have developed the concept of managerial resources and skills using a managerial rent model, where managerial resources are defined as the skills and abilities of managers. The rent model incorporates the concept of managerial resources and skills, which suggests that managers may differ in terms of both their skills and also in their ability in each skill set (Bailey & Helfat, 2003). The resource-based approach of the company and managerial rent model propose a positive relationship between managerial resources, capabilities and performance. However, little is known about which abilities are more or less important to achieve high performance objectives.

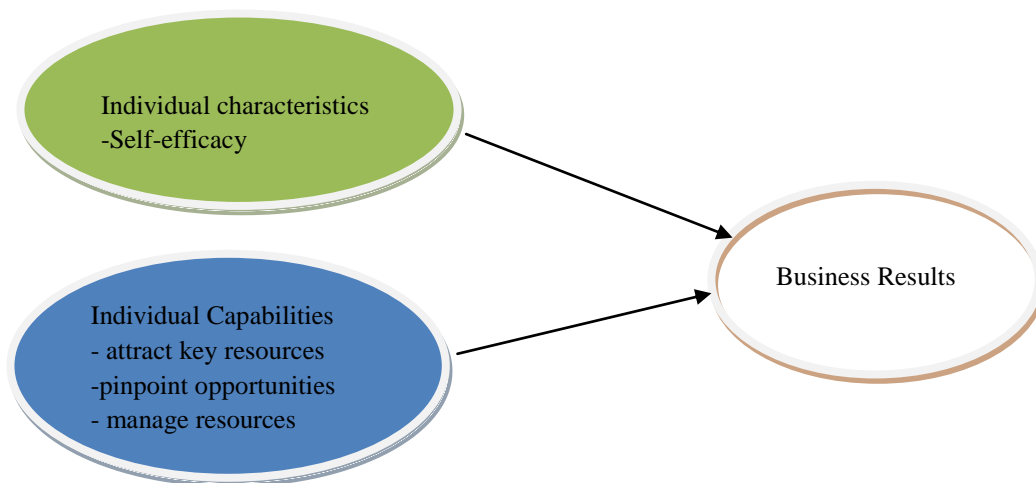
Collis (1994) suggests that better managerial capabilities "allow firms to more efficiently and effectively choose and implement the activities necessary to produce and deliver a product or service to customers." Managerial capability refers to an individual's skills, knowledge, and experience to be able to handle difficult and complex tasks in management and production. From the resource-based view, managerial capability is considered the key to the management of resources (Barney, 1991; Mahoney, 1995; Penrose, 1959).

Certain necessary abilities, roles and skills of managers were identified, these should be possessed (e.g. creativity, responsibility, self-confidence, initiative, persistence, intuition and cautiousness) in order to reach the goals of an enterprise (Papula, 1995). The business founder must develop the managerial role (Chandler & Jansen, 1992). Individuals with strong managerial skills enjoy high levels of responsibility and authority; they seek positions involving delegation and motivation (Schein 1987).

The ability to manage financial resources adequately is a determining factor in the development of the firm. As innovation requires increased financing and appropriate human and technological resources (Freel & Robson, 2004), an improved financial resource management capability would have a positive effect on company performance. On the basis of this discussion, it is possible to formulate the following hypothesis:

H4: The ability of female entrepreneurs to manage human and financial resources is positively related to company performance.

Figure 4.3. Influence of Individual characteristic and capabilities on Performance



6.5. Methodology

6.5.1. Sample and data collection

The study focuses on companies owned and managed by women in Palestine. The final sample in this study consisted of questionnaires completed by 160 female entrepreneurs in the West Bank of Palestine whose enterprises were formally registered with and contact details obtained from the Federation of Chambers of Commerce, Industry and Agriculture by 2011¹ and

¹ In Palestine, as all formal businesses are required to register with the Chamber of Commerce Industry and Agriculture, our sample population coincides with the population of female entrepreneurs.

who was contacted by email or telephone to be interviewed face-to-face by the researcher at random. Of the total population of 471 companies run by women, 160 accepted to participate in the study (a 33, 97% response rate). The data was collected through face-to-face interviews in order to assess women views in a structured questionnaire between September 2nd and November 4th 2012.

The majority of the interviewees were married (66%), 25% were single, 3.8% were divorced and 5.1% were widowed. With regard to educational level, 18% had completed primary studies, 19.4% secondary school, 23.1% had a college degree, 25.6 % held a Bachelor degree, and the remaining 13.8% held a postgraduate degree (MA, PhD). 64.4% of the respondents had previous experience in the same field, while 28.7% had previous experience in other fields. 56.9% did not have specific training in business, while 65% had previous working experience before setting up their current businesses. There was individual business ownership in 52.8% of cases. 30.6% shared ownership with their family, 15% with other partners and 1.3% were in other types of specific ownership situations.

With regard to the types of businesses involved, 56.9% were in the commercial sector, 23.8% services, 8.1% manufacturing, 6.9% agricultural and 3.1% belonged to other categories. The majority of businesses, 74.4%, were located in cities, 23.1% were located in villages and the remaining 2.5% in refugee camps. 91.7% of businesses in the sample had fewer than 10 employees. Regarding competitors, in 61% of cases the strongest competition came from a business located nearby, 13.6% from businesses located elsewhere, and 23.4% consider that they do not have competitors.

We took several steps to minimize the potential effects of common method variance (Podsakoff et al., 2003). To control the problem of ambiguous items, response bias was checked by randomly performing a pre-test using 10 companies that were not included in the final sample. Ensuring a clear understanding of the concepts and items involved helps to prevent the respondents from coloring the survey with their own idiosyncratic interpretations. We also specified that there were no right or wrong answers and that the data would be confidential and only used in an aggregate form. These terms and conditions should reduce people's apprehension about being questioned and make them less likely to edit their responses in order to be more

socially acceptable, acquiescent and consistent in relation to how they think the researcher wants them to respond. To avoid possible bias generated by the collection of retrospective data, the questions referred to the previous three years to ensure that the respondents remembered relevant and precise information. In addition, we checked for common method bias using Harman's one factor test. A principal factor analysis of all measurement items yielded five factors with eigenvalues larger than one. These factors accounted for 66.47 percent of the variance. Because the first factor accounts for 27.04 percent of variance (less than half the variance explained by the set of factors with eigenvalues greater than one), common method variance is unlikely to be a serious problem in the data (Podsakoff and Organ, 1986).

6.5.2. Measures

The measures for the variables in the study consisted of multi-item five-point scales from 1 to 5, where 1 means total disagreement and 5 total agreement. All measures were validated using confirmatory factor analysis (CFA), and reliability was assessed using Cronbach's alpha, Composite Reliability (CR) and Average Variance Extracted (AVE). All scales used are shown in the Appendix.

The dependent variable, business results, has been assessed on a four-item scale. Previous studies have indicated that comparisons with competitors reveal more consistent information about business performance (Wang, 2008; Wiklund & Shepherd, 2003). On the other hand, studies that consider only one dimension or a very narrow range of company performance, multiple profit indicators, for example, may produce incorrect conclusions for constructing descriptive and normative theories (Lumpkin & Dess, 1996). Therefore, respondents were asked to rate their satisfaction with business results as compared to other similar businesses with regard to the following variables: growth in profits, sales, investment and number of customers. The Cronbach alpha reliability coefficient calculated for this scale was 0.862.

To measure personal self-efficacy, the first independent variable according to our review of the literature, we adopted the definition of personal self-efficacy (Bandura, 1986), indicating that people differ in the areas in which they cultivate their self-efficacy and in the level to which it is developed (Bandura, 2006). Personal self-efficacy is concerned with people's belief in their

ability to produce specific results (Bandura, 1997). To evaluate the personal self-efficacy, respondents were asked to rate their self-perceptions concerning characteristics such as commitment to the business, risk-taking and hard working. The Cronbach alpha coefficient for this variable was 0.674.

Following a review of the literature in relation to the roles of the entrepreneur, we developed a scale with nine items grouped into three different entrepreneurial and managerial activities. Each role included three items related to firstly, attracting and allocating resources and secondly, pinpointing and exploiting opportunities, and finally the management of resources. Previous research has pointed out the different functions/roles of an entrepreneur which focus on attracting resources, creating innovative ideas and pursuing opportunities. We were guided by the Venkataraman definition of entrepreneurship, which assumed that entrepreneurship is “the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed” (Venkataraman, 1997; Shane & Venkataraman, 2000, p. 4). The three independent variables in our study were measured by asking respondents about the degree to which they are responsible for their business activities. Firstly, we measured the independent variable concerning the ability to attract key resources in terms of three items: obtaining financial resources, looking for new clients and negotiating contracts with them the Cronbach alpha for this variable was 0.70. Secondly, we measured the ability to pinpoint opportunities in terms of finding new ways to improve customer service, to gather information about customer needs and trends, and develop ideas about new products and services; the Cronbach alpha for this variable was 0.754. Then we measured the ability to manage resources, specifically in terms of managing human resources, financial issues and major business decisions. The alpha coefficient for this variable was 0.837.

As control variables, we used the firm age, size (number of employees), and sector of activity (agriculture or industry, commerce, and services), which were chosen due to their proven impact on company performance, similar to previous research (e.g. Baum & Locke, 2004; Chandler & Janson, 1992). Additionally, we considered training facilities and previous ownership and management of other businesses were also used as control variables.

6.6. Analysis and Results

We used linear hierarchical regression analysis to test the proposed hypotheses, using firm performance as a dependent variable. Table 1 shows the correlations, means and standard deviations of the variables used in the study.

Only the control variables are included in our first model. The second model analyzes the control variables and the first independent variable personal self-efficacy. The third model included the control variables and personal self-efficacy and included the three independent variables relating to personal skills: ability to attract key resources, to pinpoint opportunities and to manage resources. Table 2 shows the results of the regression analyses.

Table 6.1. Correlations, means, and standard deviation

Variables	Mean	S.D	1	2	3	4	5	6	7	8	9	10	11	12
1. Business results	3.569	.814	1											
2. Firm age	7.938	7.601	-.090	1										
3. Size	1.054	1.117	.126	.288**	1									
4.Industry/agriculture	.150	.358	.152	-.154	.107	1								
5.Commerce	.569	.497	-.084	.071	-.199*	-.482**	1							
6.Services	.238	.427	-.038	.067	.214*	-.234**	-.641**	1						
7.Specific training in business	1.595	.493	-.036	.075	-.100	-.025	.218**	-.153	1					
8.Ownership of other businesses	1.739	.441	-.019	.215**	.094	-.123	-.036	.091	-.040	1				
9. Self-efficacy	4.316	.684	.320**	-.090	.134	.081	-.015	-.002	-.138	-.076	1			
10. R manage	4.069	1.143	.006	-.020	.073	.137	-.165*	.036	-.202*	.099	.214**	1		
11.R resources	3.947	1.096	.136	.022	-.034	-.094	-.003	.022	-.149	-.013	.205*	.401**	1	
12. R opportunity	4.465	.744	.109	-.112	.012	.020	-.014	-.016	-.041	.005	.362**	.329**	.496**	1

Significant: *p<0.05 ** p<0.01*** p<0.00

Table 6.2. Results for the regression for Business results

Variable	Model I	Model II	Model III
	Beta	Beta	Beta
Control variables			
Firm age	-.127	-.076	-.096
Size	.182	.111	.119
Industry/agriculture	.025	-.049	.010
Commerce	-.052	-.130	-.109
Services	-.100	-.140	-.109
Training in business	.064	.138	.141
Ownership or managing other businesses	-.064	-.054	-.031
Independent variables			
Self-efficacy		.403***	.417***
R manage			-.147
R resources			.229*
R opportunity			-.068
Models			
R ²	.057	.205	.246
Adjusted R ²	-.002	.148	.169
Change in adjusted R ²		0.15	0.021
F	.971***	3.580***	3.200***

Significant: *p<0.05 ** p<0.01*** p<0.001

In the first model, we see that none of the control variables has influenced company performance. In the second model, we introduce the independent variable self efficacy, we observed the β coefficient is positive and statistically significant for our first variable personal self-efficacy indicating a positive influence on firm performance with a p-value of 0.00 which ($\alpha \leq 0.05$), and supporting our first study hypothesis H1. In the third model, we introduce self efficacy and three variables regarding entrepreneur's capabilities- the capability to attract key resources, the capability to pinpoint opportunity, and the capability to manage resources, we observed that personal self-efficacy is statistically significant and positively influence performance with a p-value of 0.00. Furthermore, the ability to attract key resources is statistically significant and has a positive influence on firm performance with a (p-value of 0.03) which ($\alpha \leq 0.05$), supporting our second hypothesis H2. On the other hand, the ability to pinpoint opportunities and to the ability to manage resources have no statistically significant impact on business performance, these results indicated that our third hypothesis H3 and our fourth H4 hypothesis are not supported.

6.7. Discussion and Conclusion

The results of the study attempt to contribute to our knowledge of personal resources and how to use personality and different types of skills to enhance business performance. The study shows the importance of personal factors, entrepreneurial and managerial skills as well as personal self-efficacy of women-led companies in relation to business performance.

Previous studies have shown that there is abundant empirical evidence on the importance of personal self-efficacy in reducing mismanagement (Bandura, 1997) and in enhancing organizational performance. Furthermore, Chen et al. (1998) report that entrepreneurs who have highly levels of self-efficacy are more successful than those who have low personal self-efficacy skills. Our results show that high self-efficacy levels among female entrepreneurs have a positive impact on business performance which is consistent with evidence of earlier works (Bandura, 1995, 1997; Chen et al., 1998).

Regarding skills and abilities, as predicted in the hypotheses, our results indicate that a highly developed ability to attract key resources plays a significant role in relation to business performance. In contrast, the results show that the ability to pinpoint opportunities and to manage

resources have no influence on company performance for ventures run by women in Palestine. In order to explain these findings, we have drawn on previous studies on skills and abilities and their importance to business performance. The literature identifies a number of abilities that contribute to the success of entrepreneurs (Brinkman, 2000; Lorrain & Dussault, 1990). According to Virginia & Carlos (2010) these skills consist of the ability to adequately manage resources to perform tasks in an enterprise. The ability to integrate, build and reconfigure internal and external resources and skills as a means of dealing with rapid change in business environments is essential in determining business performance.

The results relating to the ability to attract key resources indicate that it has a significantly influence on company performance. According to the resource-based view (RBV) performance is a result of firm-specific resources and capabilities (Barney, 1991; Wernerfelt, 1984); successful firms will find their future competitiveness on the development of unique capabilities, which may often be embedded or intangible in nature (Teece et al., 1997). Hence, the capability to manage firm's key resources has a positive effect on firm's performance. Our study complements previous results to some extent by showing that the willingness to take risk, commitment and hardworking (high self-efficacy) also contributed to better results together with entrepreneur's ability to attract key resources.. O'Hara (2011) identified a number of key competences that believed to be prominent in entrepreneurship that include the ability to identify and exploit a business opportunity, the human creative effort of developing a business or building something of value, the willingness to undertake risk and the competence to organize the necessary resources to respond to the opportunity. Thus such skill sets and entrepreneurial mind set of entrepreneur's strengthen the links between capabilities and performance.

On the contrary, the results do not show any link between the ability to pinpoint opportunities and the ability to manage resources in relation with performance of companies run by Palestinian women. This results might be explained by the characteristics of Palestinian women and their reasons to set up businesses, as they are motivated by necessity rather than opportunity (Kelley et al., 2011), they are less likely to grow their businesses, are less likely to recognize important opportunities, and have less knowledge about specific industries, finance and marketing. Women's expectations regarding family roles may restrict them to certain sectors and also affect their motivation and aspirations in relation to business ventures (Aldrich, 1989).

The unstable business environment in Palestine might be another reason why these women have difficulties in translating their ability of identifying new opportunities into enhanced performance. Moreover, Palestinian society is male-dominated, and women are less likely to compete with their male counterparts.

Regarding the lack of relevance of their ability to manage resources for firm performance, it could be explained by a lack of management skills and business training. Recently, a similar study carried out in India showed that because women entrepreneurs are inefficient in managerial functions, their more limited managerial ability has become a problem in terms of running businesses successfully (Siddiqui, 2012).

In conclusion, entrepreneurs run their own businesses, accept the risks and expend an enormous amount of time and energy on organizing their business ventures (Hisrich & Brush, 1987). Entrepreneurs need to concentrate on managing specific types of resources and abilities in order to perform more effectively. In practical terms, managers need to develop abilities related to attracting resources and their self-efficacy. This study contributes to women entrepreneurship literature by shedding light on how women entrepreneurs acting in unfavorable contexts by using their skills and abilities can improve the performance of their firms.

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CHAPTER 7: FINAL CONCLUSIONS, STUDY LIMITATIONS AND FUTURE RESEARCH

7.1. Final Conclusions

The purpose of the study was to investigate the factors influencing the performance of women ventures in Palestine, focusing on individual and firm-level factors. This section presents our final study findings which contribute to literature on entrepreneurship in the context of developing countries.

Firstly, at firm level, results suggest that bricolage is an important mean of mobilizing the resources needed to grow in resource-deprived environments and for entrepreneurs occupying marginal positions in society, with limited access to power and decision-making centers. This is consistent with previous research on the key role of bricolage as a mean to face resource constraints in highly hostile environments (Desa and Basu, 2013) and advances current knowledge by showing how bricolage relates to performance and firm strategies. In such contexts, bricolage has a positive and direct influence on firm performance as it helps firm to respond to environmental challenges and can lead to the identification of new entrepreneurial opportunities. Additionally, the results show that the relationship between bricolage and firm performance can be strengthened depending on the type of growth strategy the entrepreneur develops. This study has focused on two types of growth strategies: new product development and new market entry. The research demonstrates that offering products or services in a new area of the city or country, expanding an existing location or opening a new location influences firm performance in a greater extension if the use of bricolage in the firm is high. By contrast, when the firm strategy involves introducing a new product or service, research and develop a new product or service or improve the quality of an existing product or service to make it more profitable or effective, the use of bricolage doesn't lead to enhanced performance. The use of bricolage in Palestinian women-led firms is thus useful for facing resource restrictions and

improving performance in general, but they will benefit from bricolage if they develop market growth strategies, rather than product growth strategies.

Finally, at the firm level, the study confirms the importance of the support given to women entrepreneurs from different sectors of the society. In particular, the results suggested a positive influence of different kinds of support (emotional, knowledge, and relational support) perceived from the community and women business associations on business performance. Therefore, these contextual factors can improve the performance of women-led firms. By contrast, on the negative side, the research showed that restrictions for female entrepreneurs referred to business may hamper the development of their firms. Contrary to what would be expected, personal, network and location restrictions do not influence negatively business results.

Secondly, at individual level, the results suggest that personal characteristics and some entrepreneur's competencies influence business performance. The results showed that the companies of women who have high self efficacy and possess the ability to attract key resources perform better than those of women that don't have such traits and competencies. Self efficacy beliefs have thus a significant positive influence on the performance of businesses-owned by women in Palestine. This result is consistent with previous research highlighting that entrepreneurs who have high levels of self-efficacy are more successful than those who have low personal self-efficacy (Chen et al., 1998) and widens this finding to the context of women entrepreneurs in developing countries.

However, the results also show that women's entrepreneurial skills in terms of pinpointing opportunities are not a significant driver of firm performance in Palestinian women-led firms. This finding may be attributed to the variations in motivation and personal reasons and the idiosyncratic interpretations women have in relation to threats and opportunities. As indicated before, women often pursue social goals rather than profitable goals (Hisrich & Brush, 1987) and this can explain the fact that identifying new opportunities doesn't necessarily translate into improvements in firm performance. On the other hand, identifying opportunities in such hostile settings may not lead to a better performance because of the difficulties of mobilizing the resources necessary to exploit these opportunities.

This study also finds that women`s managerial skills are not relevant to firm performance. This may be explained by the fact that in such small businesses, located in traditions sectors, managerial skills, while necessary, will not make a significant difference in terms of firm performance as the management of such organizations is a routine job.

These results suggest that in extremely resource-restrained environments, the ability of entrepreneurs to mobilize resources, be it acquiring them from external sources, be it developing them internally through bricolage, is a primary driver of firm performance. Unlike in the developed countries where performance is highly dependent on entrepreneur`s ability to identify new opportunities and gain first-mover competitive advantages, in developing countries and particularly in the case of entrepreneurs that occupy marginalized positions in society, performance depends mainly on their ability to mobilize resources towards their ventures. The alternative ways for mobilizing resources have to be aligned with the growth strategies firms develop in order to achieve high performance.

Therefore, one of the main contributions of this research is that it brings to the forefront some of the key drivers of firm performance in extremely resource-constraint environments. Using as a study laboratory the Palestinian context, characterized by political conflict, lack of infrastructure, social and economic inequalities, and political, economic and social instability, and women entrepreneurs as representative of entrepreneurs who occupy marginal positions in society in terms of access to circles of power and decision making, we show that the set of factors influencing firm performance is to a certain extent different from those identified in more munificent settings. Managerial competencies and those related to the identification of new entrepreneurial opportunities which previous research has indicated as key to the performance of firms in developed countries don`t seem to play a relevant role in the performance of women-owned firms in Palestine. In this setting, success is related to individuals` perception of their capability to run a business and their ability to mobilize resources internally and externally.

This research was developed within the framework of the resource-based perspective of the firm. From this point of view, our results indicate that while the set of resources and capabilities with potential to explain competitive advantage is unique to each firm, we can identify contextual patterns regarding the types of strategic resources and capabilities that are

relevant in specific contexts. The differences existing between the socio-economic structure of Palestine and other developing countries compared with developed countries - where the majority of research on women entrepreneurs has been conducted - affect the explanatory power of some of the variables used in previous research. Besides our study's main variables that we discussed above, the control variables used also provide interesting insights. In particular, research from developed countries showed that human capital variables like business training, previous entrepreneurial experience, and previous industry experience were all associated to better performance. Entrepreneurs' training in business and experience in other firms as managers or owners were not associated to high performance in Palestinian women-led firms. Taken together these findings reflect the differential effect of human capital variables depending on the country context. In more developed countries, human capital encounters the proper conditions to be exploited for improving firm results, while in developing countries and business hostile environments, counting on the support of the community appears to be more important for enhancing firm performance. Therefore, this research highlights the inter-relationships between all environmental, firm and individual level factors in explaining organizational performance.

Although generalizing these results is difficult because of the unique features of the Palestinian context, we believe that this research provides insightful findings that enrich our understanding of entrepreneurship and small business management in resource-restrained environments.

7.2. Limitations and challenges of the empirical study

Like any research, this one is not exempted of limitations. All the measures used in this study are based on self-reported data collected via a questionnaire. To minimize the potential effects of common method variance, we used several procedural remedies (Podsakoff et al. 2003) and tested for common method bias using Harman's one-factor test. We found that common method variance is unlikely to be a serious problem in the data. Furthermore, the study is cross-sectional; the effects of bricolage on performance may require a time lapse to be fully assessed, as well as individual factors such as self efficacy and entrepreneurial and managerial skills that are also accumulated along the time and prior experience. Finally, as it is a context

with very specific characteristics, new studies in other countries and in different types of firms could help to corroborate the results shown in this investigation.

One of the main challenges we faced when developing the empirical study was the lack of available data about women entrepreneurs in developing countries and specifically in Palestine. As most of researches on women entrepreneurs were carried out in developed countries, entrepreneurship studies in the Middle East countries are still very scarce. There is thus a need for international organizations and new researchers to undertake entrepreneurship research in these countries and create databases on entrepreneurship in general and on female entrepreneurs in particular.

Another challenge was the resistance of many women entrepreneurs to disclose information about their firm performance. Most of the respondents didn't want to disclose the specific numbers concerning profits or sales. This is a usual problem when collecting data from small firm owners and managers, as they often fear breaches in confidentiality and are unwilling and sometimes unable to provide desired data (Dess & Robinson, 1984; Sapienza et al., 1988). Although using objective data for performance measures would have been preferred (Sapienza et al.; White, 1996), finding such data was limited for the reasons specified above and, as a result, we had to use subjective data.

Another significant challenge when conducting our research was the fact that many of the Palestinian women entrepreneurs are clustered in the informal and marginalized sector and therefore it is difficult to know their number or access to them. It was also difficult to ascertain that women businesses registered at the Union of Chambers of Commerce, Industry and Agriculture are actually owned by women or they were simply registered with their names for other male family members with the purpose of evading legal and tax obligations. This is one of the main reasons why we chose to collect our data through face-to-face interviews.

It was difficult to contact women in remote areas and deal with the insistence of many of the institutions that helped us in reaching the sample to maintain the confidentiality of addresses. To all this we have to add the geographical segmentation of the Palestinian territories and the difficulty of movement.

7.3. Future Research

This study opens new avenues for future research about entrepreneurship and small business management in specific contexts. In this sense, future studies can explore how different contexts condition the specific behaviors that entrepreneurs develop to make do and the types of resources they use in this process.

Another aspect that could be researched is whether the role of bricolage in firm performance varies depending on the degree of hostility of the environment in which the firm operates and whether the solutions developed through bricolage adequately respond to different types of problems in the firm and support the development of different types of strategies. Future longitudinal studies should also explore whether in the long run, the negative interaction between bricolage and product-growth strategies holds.

By conducting longitudinal studies it would be possible to identify and unravel interactions that arise among entrepreneurial self-efficacy, behavior and feedback received from the environment. Such research should include a more comprehensive measurement of entrepreneurial self-efficacy and to analyze if and how the various relevant behavioral and environmental factors influence the level of entrepreneurial self-efficacy.

In order to validate these results, future research should replicate the same models in samples from other developing countries. Further research on a wider sample of Palestinian women as well as comparative sample from other countries would also be needed to conclude on that.

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APPENDIX A: METHODOLOGICAL PROCEDURES

1. Research Instrument

A comprehensive self-reporting questionnaire was composed in order to collect primary data on the certain factors have influence on the performance of businesses led by women entrepreneurs in Palestine. The questionnaire were prepared and designed carefully as it is a powerful evaluation tool, taking into consideration the study objectives and theories to build up our hypothesis. The key stages of implementing the questionnaire are discussed in the following:

First, we took several steps before starting to design the questionnaire. First, objectives of the study were identified and all possible questions for incorporating in the questionnaire had been written down. Second, closed ended questions were chosen in which all possible answers are identified and the respondents asked to choose one of the answers. Third, five point Likert scale were used for which answers are located on a scale of alternatives. This type of question is often used in evaluation to uncover respondents' attitudes and opinions. The scale often represents the degrees of satisfaction with a particular service or degrees of agreement with a statement. The scale alternatives were from 1 to 5 (where 1 totally disagrees, and 5 totally agree). Fourth, the questionnaire items were written in English language as many of empirical research were applied primarily in developed countries. Then the questionnaire items were translated to Arabic language. Some of the items were adapted from other research studies (e.g. bricolage, growth strategies, resources and capabilities, personal self-efficacy and business results items). Fifth, the final stage in preparing our instrument was the construction of the questionnaire, which has been structured in two parts:

The first part of the questionnaire included general characteristics, general basic information concerning women entrepreneurs the enterprises (multiple choice questions). The outcome of this part will be used to describe the general information and characteristics about participants and their businesses.

The second part addressed the different variables and dimensions used in the study in attempt to measure the relationships of the independent variables and the dependent variable. Items were defined to obtain data for the empirical research depending on the proposed theories and specific hypothesis. Finally, a formal letter explaining the purpose of the study research was

attached with the questionnaire to encourage respondents to participate in the study and to facilitate the research mission.

University of Granada
Faculty of Economics and Business Sciences
Department of Business Organization



Dear Entrepreneur,

The researcher is carrying out a study titled, “**The role of Palestinian women entrepreneurs in business development.**” As part of partial fulfillment for requirements to obtain a Doctorate in Management at Economics and Business Sciences; you were selected to be part of the study sample. Therefore I highly appreciate your cooperation to fill out the attached questionnaire according to your own views. The study data will be used for research purposes only and it will be kept confidential. You are not requested to write your name or anything that denotes it.

Thank you for your cooperation

Abeer Daoud Istanbuli

Prof. Maria Del Mar Fuentes Fuentes
Dra. Ana Maria Bojica
First section

For this section, each statement is set in a 5-point scale: “1 Strongly Disagree (SD) 2 Disagree (DA) , 3 Neutral (N) “4 Agree (A) and 5 means Strongly Agree (SA)”, There is no right or wrong answers. Please answer *each* question by circling only one number.

A. Support (Emotional, Knowledge, and relational Capital), the following questions refer to the support you receive from your community, family or friends. Please evaluate the degree to which you receive the emotional support from the following peoples 1 means “I receive no support at all” and 5 means“ I receive a lot of support”

Emotional support

NO	Items	SA	A	N	D	SD
1	Local community	5	4	3	2	1
2	Women business associations	5	4	3	2	1

Please evaluate the degree to which you receive business support in the form of knowledge, advice, or information (about customers, providers, business partners, financial investors, technical requirements of products or services, etc.) from the following categories of contacts.

Knowledge support

NO.	Items	SA	A	N	D	SD
3	Local community	5	4	3	2	1
4	Women business associations	5	4	3	2	1

Please evaluate the degree to which you receive business support from the following categories of contacts in the sense that they recommend you to possible clients, providers, business partners, financial institutions..... as if they were part of the business

Relational capital support

	Items	SA	A	N	D	SD
5	Local community	5	4	3	2	1
6	Women business associations	5	4	3	2	1

Please evaluate on the scale from 1 to 5 the degree to which you are responsible for the following activities in your daily business activity “ 1 “ means I am not in charge at all, and . “5” means I am fully responsible for this activity.

Entrepreneurial and managerial capabilities

	Items	SA	A	N	D	SD
7	Find new ways to better serve the customers	5	4	3	2	1
8	Gather knowledge about the customer needs and tendencies	5	4	3	2	1

9	Develop ideas about new products/services	5	4	3	2	1
10	Look for new clients	5	4	3	2	1
11	Negotiate the contracts with clients	5	4	3	2	1
12	Obtain financial resources	5	4	3	2	1
13	Manage the human resources of the business	5	4	3	2	1
14	Manage the financial issues of the business	5	4	3	2	1
15	Make all the major decisions for the business	5	4	3	2	1

Please evaluate on the scale from 1 to 5 your perceptions in relation to the following aspects.

Individual perceptions

Items		SA	A	N	D	SD
16	I am committed working long hours to make my business successful	5	4	3	2	1
17	I am not afraid to take risks to help my business grow	5	4	3	2	1
18	The outcome of my business is largely controlled by how hard I work	5	4	3	2	1

How would you evaluate your personal situation in relation to the following aspects 1= my personal situation is totally the opposite, and 5 = this item fully describes my personal situation;

Barriers (personal, business, network and location)

Items		SA	A	N	D	SD
19	Lack of relevant business experience	5	4	3	2	1
20	Lack management training	5	4	3	2	1
21	Lack of selling skills	5	4	3	2	1
22	I face difficulties in finding new customers	5	4	3	2	1
23	It seems difficult obtaining raw materials	5	4	3	2	1
24	I have difficulty accessing suppliers (in terms of distance)	5	4	3	2	1

25	I face difficulties because of selling on credit	5	4	3	2	1
26	I have limited access to business networks	5	4	3	2	1
27	I face exploitation of merchants	5	4	3	2	1
28	The territory where my business is located has a poor infrastructure (e.g. roads, space, transportation)	5	4	3	2	1
29	My business has a poor location	5	4	3	2	1
30	I face difficulties because of selling on credit	5	4	3	2	1
31	I have limited access to business networks	5	4	3	2	1
32	I face exploitation of merchants	5	4	3	2	1

Based on a scale from (1 to 5), Does the following represents how do you go about doing things for your business

Bricolage: (create something from nothing)

Items		Always	Often	Sometimes	Rarely	Never
33	We are confident for our ability to find workable solutions to new challenges by using existent resources	5	4	3	2	1
34	We gladly take on a broader range of challenges than others with our resources would be able to	5	4	3	2	1
35	We use any existing resource that seems useful to responding to a new problem or opportunity	5	4	3	2	1
36	We deal with new challenges by applying a combination of our existing resources and other resources inexpensively available to us	5	4	3	2	1
37	When dealing with new problems or opportunities we take action by assuming that we will find a workable solution	5	4	3	2	1
38	By combining our existing resources, we take on a surprising variety of new challenges	5	4	3	2	1
39	When we face new challenge we put together workable solution from our existing resources	5	4	3	2	1
40	We combine resources to accomplish new challenges that the resources weren't originally intended to accomplish	5	4	3	2	1

Based on this scale from 1 to 5, please rate your business development according to the following.

Product and market growth opportunities:

Items		SA	A	N	D	SD
41	I've launched a new product or service	5	4	3	2	1
42	I've researched or developed a new product or service (but haven't yet launched it)	5	4	3	2	1
43	I've improved the quality of an existing product or service to make it more profitable or effective	5	4	3	2	1
44	I began offering my products or services in a new area in my city or country	5	4	3	2	1
45	I expanded an existing location (plant, store, outlet, etc.)	5	4	3	2	1
46	I opened a new location (plant, store, outlet, etc.)	5	4	3	2	1

Based on this scale from 1 to 5, please rate your satisfaction with business results in the last three years comparing with other similar business

Business results

Items		SA	A	N	D	SD
47	Growth in profit	5	4	3	2	1
48	Growth in sales	5	4	3	2	1
49	Growth in investments	5	4	3	2	1
50	Growth in the number of customers	5	4	3	2	1

Comments:

Thank you for your cooperation,

2. Field work development process

The field work development of the study can be summarized as follows:

Firstly, for the purpose of this study we obtained lists of contact details of all women's firms registered at the Federation Chambers of Commerce, Industry and Agriculture in the West Bank of Palestine by the year 2011. Representatives from the different branches of Chambers over the West Bank areas were contacted and they facilitate contacting and reaching a number of respondents as well, their consultancy and information was useful and also enrich the research.

Secondly, to cover a large number of women businesses, as women were also concentrated in the informal sector, visits to credit institutions were carried out, to determine a number of women who obtained loans from lending institutions and micro-credit associations (e.g. ASALA, and FATEN), however, it had not been able to access to this information, since it is confidential, and also this area is not complete because it is not include those women who fully repaid their loans, and also doesn't inform that these loans were taken for their own projects or to help a male relative. Consultants from ASALA provided useful information to reach some of the beneficiaries which helped in contacting some of the respondents whose businesses were also similarly found in lists provided by the Federation of chambers of commerce, industry and agriculture and were formally registered.

The third area to be contacted was women who are members or have contacts with associations that offer help to strengthen the role of businesswomen as leaders in the Palestinian economy through advocacy, networking and the provision of business services such as the Business Women Forum-Palestine (BWF) in Ramallah. This institution had nearly 90 businesswomen as members and beneficiaries from all the West Bank area and also have their companies registered at the Federation of Chambers, consultants from the institution advices were helpful and enrich the information related to women entrepreneurs in Palestine, they also helped in contacting a number of these women as well.

The process continued by contacting our participants, women entrepreneurs, either by phone or by e-mail using the information obtained from the different sources, followed by the distribution process of the questionnaire using face-to-face interviews, in some areas, focus group was held as an important tool for acquiring feedback regarding various topics concerning

the phenomenon, this approach allowed participants to freely talk and interact with other female entrepreneurs as well with the researcher to express their views, perceptions, emotions, beliefs and attitudes towards the phenomenon (e.g. Bethlehem Chamber of Commerce Branch). Representatives from the Chamber Branch facilitated the process of the meeting.

Once the focus group is established (e.g. Bethlehem Chamber Branch), and participants agreed upon, these participants (10 women) scheduled for a one-hour meeting with the researcher, the questionnaire was distributed to be filled. Afterwards, the researcher asked a series of questions related to business venture in Palestine and the constraints women face to develop a business, this information were useful, the women shared their business stories with the researcher which paved the way to provide an atmosphere of intellectual brainstorming about the phenomenon and its related factors in the Palestinian environment, from the standpoint of business owners.

In other different areas interviews took place at the businesses workplace, the participants were requested to review the questionnaire and fill the data. The researcher also took information concerning the phenomenon by contacting women in their workplaces, notes had been written down for purposes to interpret and for more comprehensible of the phenomenon.

Each woman participating in the research was willing to share general information about her business and complete the questionnaire on her personal characteristics, they were willing to spend time in the interview process and provide background information. Participation in the research study was on a voluntary basis, with no compensation, or any other incentive for cooperation.

Afterwards the researcher's observations helps to clarify how the subjects are impacted by identified phenomenon, and helps unearth the inner feelings and reality of the individual, and to obtain deep feedback desired for a thorough understanding of the issue including the researcher (the interviewer's observations) of the subject's personal reactions to the research questions.

Finally, after data collection process, data were collected, organized and analyzed using statistical program (SPSS).

Numerous entrepreneurial researchers have relied on self-reporting as an appropriate method for gathering firm data (Zahra, 1993; Lukas, 1999). Because a small firm's owners and managers are the most knowledgeable individuals with regard to the firm's business strategies, and future competitive purpose (Zahra, 1993; Gibson & Turner, 2002), small businesses owners and managers are often used as single source of respondents. However, although studies cited by Lyon et al. (2000) indicated strong levels of convergent and discriminate validity for data collect from single-sources, reliance on single respondents can introduce common method variances that may affect the strength of measures relationships while differing perceptions can lead to inconsistent findings. So an increased willingness on the part of firms to respond since only one individual is involved in completing the survey (Lyon et al. 2000).

As we have been explained in chapters 5 and 6, we took several steps to minimize the potential effects of common method variance (Podsakoff et al., 2003). In addition, we checked for common method bias using Harman's one factor test.

3. Reliability and validity of measurement instruments

We checked the instrument's validity and reliability using several confirmatory factor analyses (CFA) with Lisrel 8.7. For each measurement model, we evaluated: (1) the factor loading and significance; (2) the individual reliability or squared multiple correlation (R²), which shows the proportion of variance that each indicator has in common with its latent variable. We also calculated the composite reliability for each of the constructs. Table 3.1 shows the standardized factor loadings of all indicators that are significant ($p < 0.05$) in the scales. They are also greater than the threshold value of 0.7 (Hair, Anderson, Tatham, & Black, 1999) -except in the case of the item "I face exploitation of merchants" (0.69), which has remained constant to ensure content validity- indicating sufficient convergent validity. The squared multiple correlation (R²) for each indicator gives the commonality of the indicator, which can be used to assess how good or reliable a variable is for measuring the construct that it purports to measure. Although there are no hard and fast rules regarding how high the R² should be, Sharma (1996) suggests that it should be greater than 0.5. In the present case, most of the values for R² exceed this value. Finally, composite reliability and extracted variances indicate adequate internal consistency of the constructs. The reliabilities are fully acceptable, since they exceed the 0.70

threshold, while the extracted variances approach the 0.50 target value (Hair et al., 1999). Each measurement model fits the data well, indicating good construct validity for all latent variables.

Table A.1. Constructs, items, and reliability and validity assessment

Variable (construct)	Items	SL	CR	AVE	Cronbach alpha
<i>Business restrictions</i>	I face difficulties in finding new customers	0.80	0.81	0.59	0.687
	It seems difficult obtaining raw materials	0.76			
	I have difficulty accessing suppliers (in terms of distance)	0.76			
<i>Personal restrictions</i>	I lack relevant business experience	0.74	0.77	0.53	0.783
	I lack management training	0.72			
	I lack selling skills	0.74			
<i>Network restrictions</i>	I face difficulties because of selling on credit	0.73	0.78	0.54	0.735
	I have limited access to business networks	0.80			
	I face exploitation of merchants	0.69			
<i>Location restrictions</i>	The territory where my business is located has a poor infrastructure (e.g. roads, space, transportation)	0.80	0.81	0.68	0.796
	My business has a poor location	0.85			
<i>Community support</i>	I've received emotional support from my community	0.75	0.84	0.64	0.789
	I've received knowledge support from my community	0.91			
	I've received relational support from my community	0.74			
<i>Women business associations support</i>	I've received emotional support from women business associations	0.81	0.90	0.75	0.885
	I've received knowledge support from women business associations	0.96			
	I've received relational support from women business association	0.84			
<i>Product Growth</i>	I've launched a new product or service	0.81	0.86	0.67	0.784
	I've researched or developed a new product or service (but haven't yet launched it)	0.81			
	I've improved the quality of an existing product or service to make it more profitable or effective	0.85			
<i>Market Growth</i>	I've started offering my products or services in a new area in my city or country	0.72	0.78	0.55	0.710
	I've expanded an existing location (plant, store, outlet, etc.)	0.80			
	I've opened a new location (plant, store, outlet, etc.)	0.71			
<i>Bricolage</i>	I'm confident about my ability to find workable solutions to new challenges by using existing resources	0.70	0.96	0.78	0.822
	I gladly take on a broader range of challenges than others with our resources would attempt to	0.91			
	I use any existing resource that seem useful for responding to a new problem or opportunity	0.89			
	I deal with new challenges by applying a combination of our existing resources and other resources inexpensively available to us	0.88			
	When dealing with new problems or opportunities I take action by assuming that I will find a workable solution	0.88			
	By combining our existing resources, I take on a surprising variety of new challenges	0.87			
	I combine resources to accomplish new challenges that the resources weren't originally intended to accomplish	0.83			
		0.83			

<i>Key resources</i>	Look for new clients Negotiate the contracts with clients Obtain financial resources	0.79 0.73 0.72	0.7905	0.557	0.705
<i>Opportunity</i>	Find new ways to better serve the customers Gather knowledge about the customer needs and tendencies Develop ideas about new products/services	0.84 0.81 0.83	0.865	0.681	0.754
<i>Management</i>	Manage the human resources of the business Manage the financial issues of the business Make all the major decisions for the business	0.82 0.92 0.92	0.9171	0.787	0.837
<i>Self efficacy</i>	I am committed working long hours to make my business successful I am not afraid to take risks to help my business grow The outcomes of my business is largely controlled by how hard I work	0.82 0.80 0.78	0.8433	0.642	0.674
<i>Business results</i>	Rate your satisfaction with business results in the last three years compared to other similar businesses regarding the following variables: Growth in profit Growth in sales Growth in investments Growth in number of customers	0.89 0.95 0.80 0.71	0.90	0.70	0.862

SL: Standardised loadings. CR: composite reliability. AVE: Average variance extracted

APPENDIX B: SAMPLE DESCRIPTIVE ANALYSIS

In this section we characterize our sample of women entrepreneurs according to certain relevant variables. We present the main characteristics of our study sample according to variables related to the entrepreneur as well as the company in the Palestinian context in which develops its activity. This descriptive analysis allows us to know more deeply our data.

1. Individual level

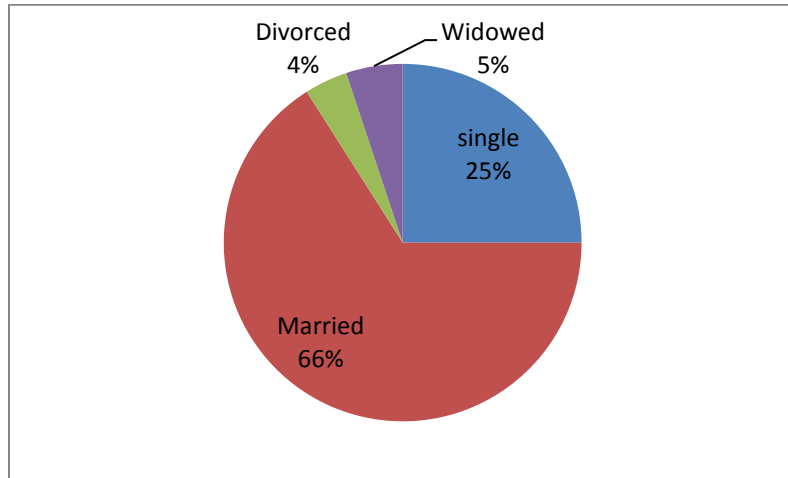
According to demographic and personal characteristics of our interviewees we propose the following descriptive figures present the data analysis which simply allows the interpretation of our sample descriptive data analysis.

In this descriptive analysis we are considering all women who accepted to participate in the study completed the structured questionnaire in full. The response rate was (33.97%) of the total population accepted to participate in the study. Our descriptive analysis reflects the following dimensions at individual level: a) Age, b) social status, c) educational level, d) breadwinner of the family (reflects the woman is the only contributor to family financial support), e) number of children in the household, f) previous employment activity, the woman was in the work force before starting the business or not, g) previous experience; either in the same field of business or in other fields, h) special training in business.

The descriptive analysis of our sample showed that the average age of women in this study was 41 years. The range of ages of our interviewees was between 22-62 years.

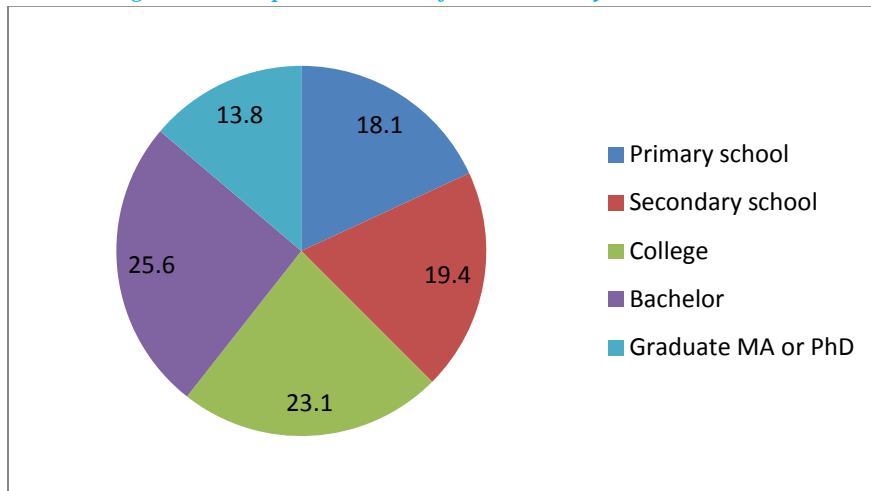
In the first approximation we present in Figure B.1 Sample distributions of interviewees by social status, where we can observe the frequencies and percentages calculated for our first variable, where the majority of these interviewees were married 66%, 25% were single, 4% of them were divorced and 5% were widowed.

Figure B.1 Sample distributions of interviewees by social status



Another variable we present in Figure B.2. Sample distribution of interviewees by educational level, it shows the distribution of women entrepreneurs according to their educational level, where 18% were with primary level, 19.4% with secondary, 23.1% had a college degree, 25.6 % with a Bachelor degree, and the remaining 13.8% with post-graduate degree. This analysis reflects that the majority of our interviewees (62.5%) attained more than 12 years of education.

Figure B.2. Sample distribution of interviewees by educational level



In figure B.3 we present the distribution of our interviewees according to their responsibility status in the family. This data clarifies distribution of our interviewees according to their

financial responsibility status which reflects if the woman was the only member of the family who earn the money to support livelihood or not, the analysis of our sample reveals that 32.5% of the interviewees were heads of their families “breadwinners” and fully responsible, while 65% of them were not.

Figure B.3. Distribution of interviewees according to their responsibility status in the family

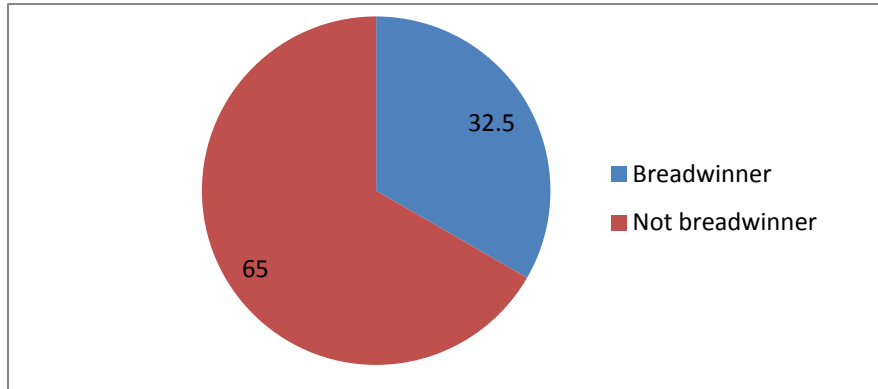
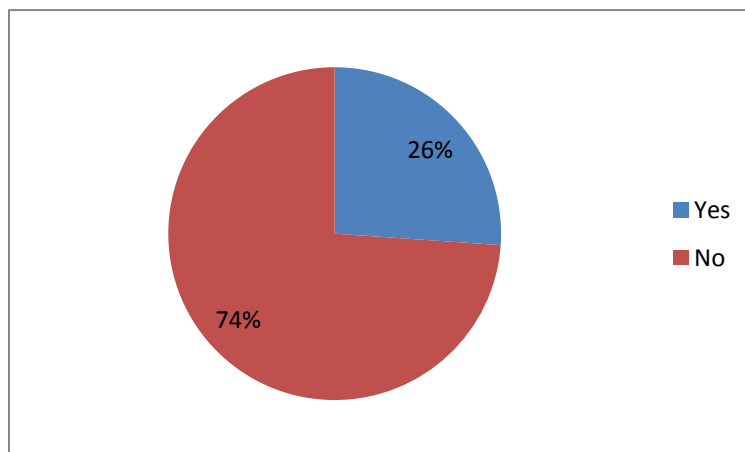


Figure B.4 present the distribution of interviewees according to previous experience in starting businesses, for most of women interviewees in the sample 74% the current business was their first venture; only 26% of them had previous experience in starting a business.

Figure B.4 Distribution of interviewees according to previous experience in starting a business



In Figure B.5. Distribution of interviewees according to their relation with workforce before starting business, data analysis shows that 65% were in the work force before starting their current business, while 33.8% were not working before.

Figure B.5. Distribution of interviewees according to their relation with workforce before starting business

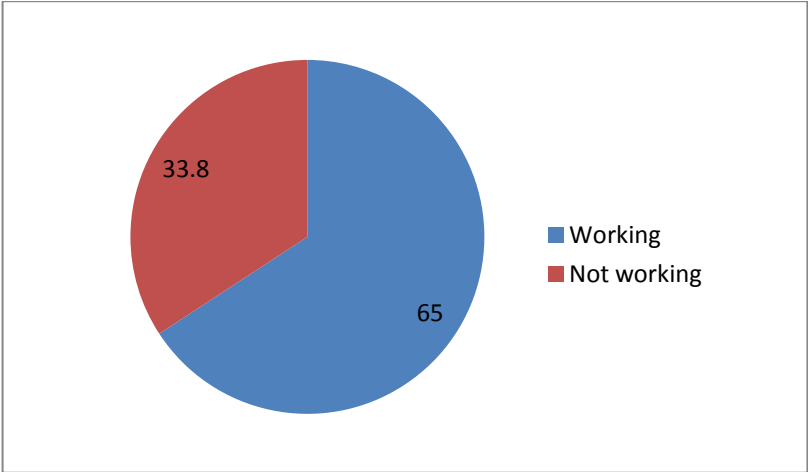
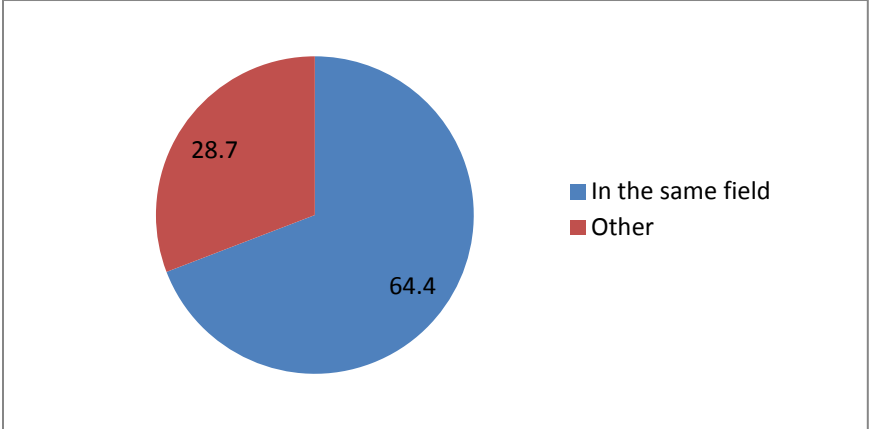


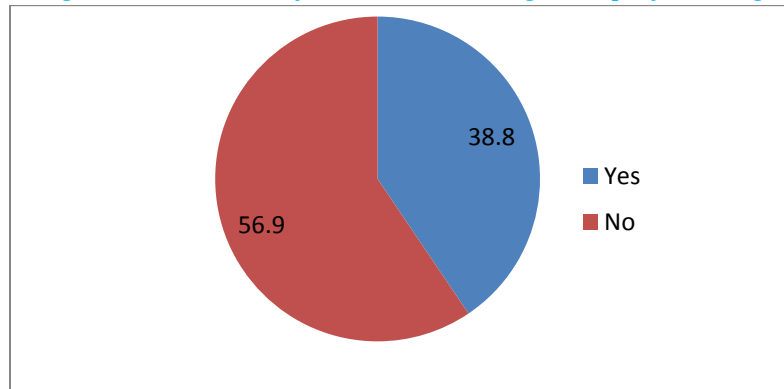
Figure B.6. Distribution of interviewees according to their previous experience activity, data reveals that 64.4% of our sample had previous experience in the same field, while 28.7% had previous experience activities in other fields.

Figure B.6. Distribution of interviewees according to their previous experience activity



In Figure B.7. Distribution of interviewees according to the specific training, the data clarifies that 38.8% had training in business while 56.9% of the respondents didn't have specific training in business.

Figure B.7. Distribution of interviewees according to the specific training



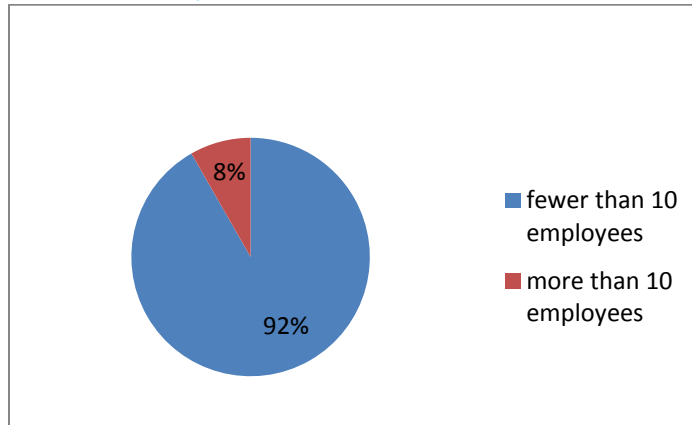
2. Business Level

Regarding the characteristics of the enterprise, the data reveals a profile of women entrepreneurs' enterprises in our sample.

In this descriptive analysis we are considering all businesses of women entrepreneurs who accepted to participate in the study. We will observe the frequencies and percentages of variables related to the enterprise that reflects a profile of their enterprises characteristics. The following descriptive analysis reflects the following dimensions at business level: a) firm size ,b) firm's age, c) business sector, d) business ownership, e) sources of funding business venture, f) business competitors, g) previous business venture, h) governorate which reflects in which locality the business operated, i) preparing feasibility study when started the business.

According to firm size, 91.7 percent of women's enterprises in the sample had fewer than ten employees, while 8% only have more than ten employees in the firm. Figure B.8 present the distribution of enterprises according to the firm size.

Figure B.8. Distribution of interviewee's enterprises according to firm size



In our second approximation we present the following figures, where we can observe the frequencies and percentages calculated for our variables, in figure B.9. The distribution of interviewees' enterprises according to sector activity, we observed that the majority 56.9% of enterprises were commercial activity, 23.8% services, 8.1% manufacturing, while 6.9% in agriculture and 3.1% belonged to the category other.

Figure B.9 Distribution of interviewee's enterprises according to sector activity

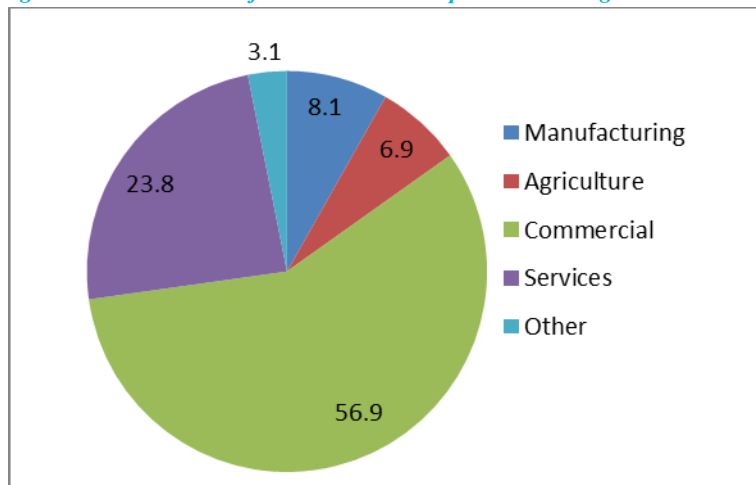
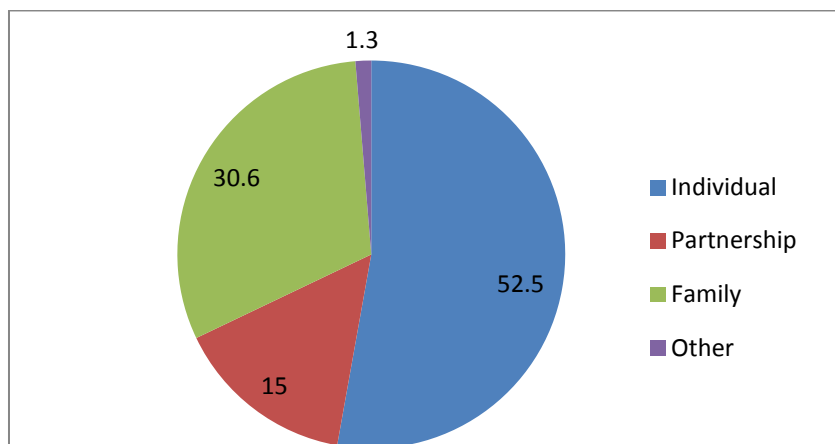


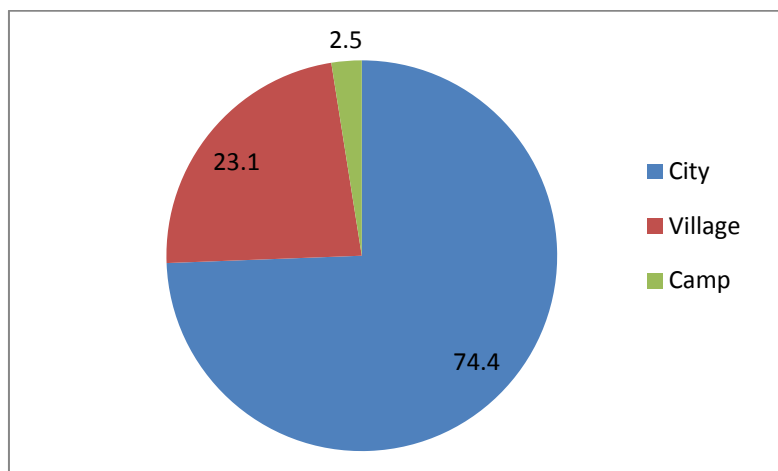
Figure B.10. **Error! Reference source not found.** Distribution of women enterprises regarding business ownership, the majority 52.8% were individual, 30.6% shared the business ownership with their family, while 15% with other partners and 1.3% had another specific situation.

Figure 2. Distribution of interviewee's enterprises according to business ownership



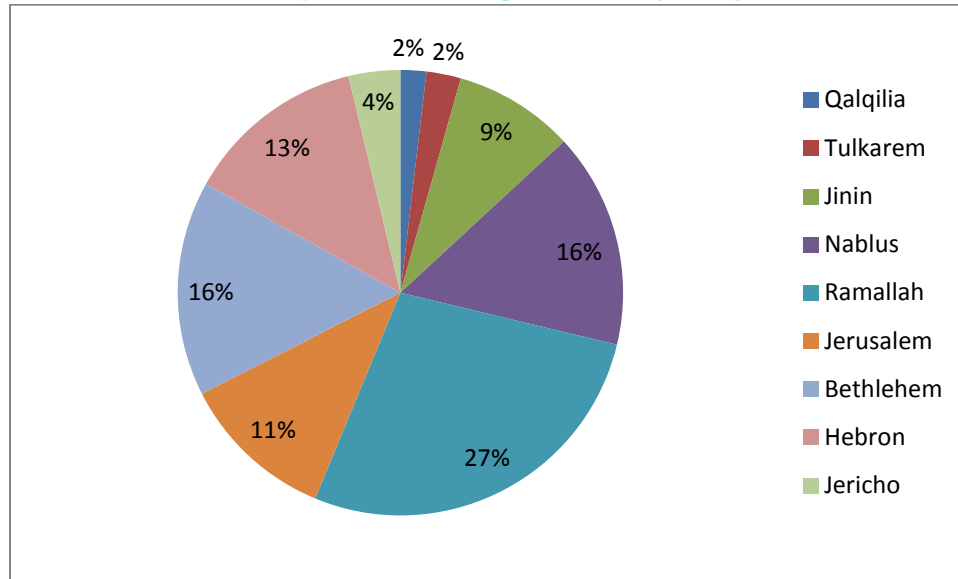
In Figure B.11. Distribution of interviewee's enterprises according to business location, the majority of businesses 74.4% were located in cities, 23.1% were in villages, while the rest 2.5% were in camps.

Figure B.11. Distribution of interviewee's enterprises according to business location



In Figure B.12. Distribution of interviewee's enterprises according to the governorate, mostly of women businesses 27% were in Ramallah, 16% in Nablus, 16% in Bethlehem, 13% in Hebron, 11% in Jerusalem, 9% in Jinin, while 4% in Tulkarm and Qalqilia, and the rest with 4% were in Jericho.

Figure B.12. Distribution of interviewee's enterprises according to the governorate



In Figure B.12. Distribution of interviewee's enterprises according to the governorate their strongest competitors, the majority 61% was businesses located nearby, 14% was businesses located elsewhere, while 23% said they have no competitors and 2% belonged to the category other.

Figure B.13. Distribution of interviewee's enterprises according to their strongest competitors

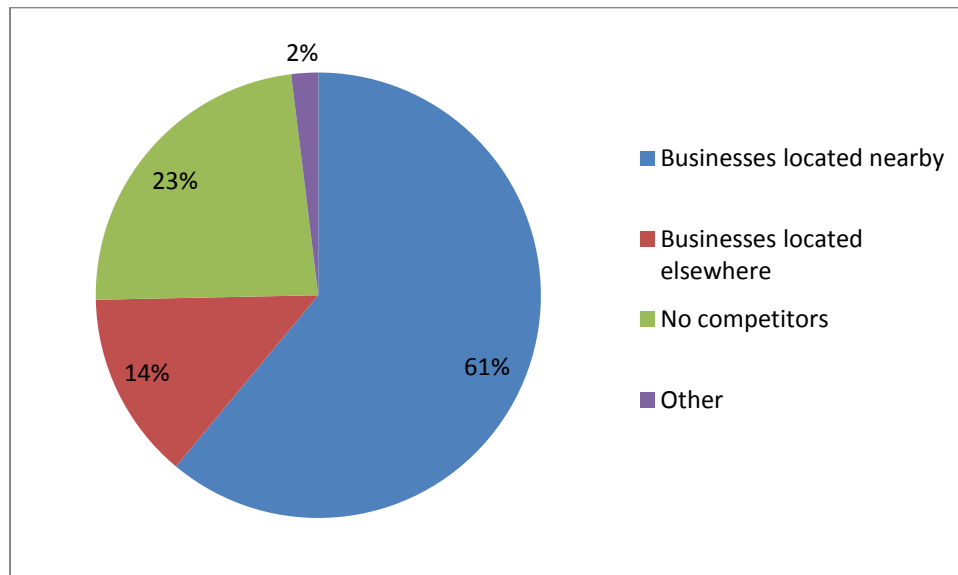


Figure B.12. Distribution of interviewee's enterprises according to the governorate preparing a feasibility study for the business, where 62% did a feasibility study when started the business, while 38% of them said they didn't prepare a feasibility study when started their businesses.

Figure B.14. Distribution of interviewee's regarding preparing feasibility study

