

# **“To boldly go where no [man] has gone before” - Institutional voids and the development of women’s digital entrepreneurship**

## **Abstract**

This paper examines the emergence of digital entrepreneurship in the context of emerging economies. Given that these economies generally lack a well-developed institutional framework, we draw on the concept of institutional voids as our theoretical lens. We argue that digital entrepreneurship facilitates the navigation and bridging of socio-cultural institutional voids but also provides opportunities for entrepreneurs to directly and indirectly alter the existing institutional context. We illustrate these arguments by drawing upon six biographical narrations of female digital entrepreneurs in Saudi Arabia. Accordingly, through our development of a multi-level model, we make explicit the two-way causative interaction between entrepreneurial action, institution altering behavior and the social and cultural context, thus providing a framework for future research.

**Key words:** Saudi Arabia; Institutional Voids; Digital Entrepreneurship; Female Entrepreneurs; Biographical Narrations

## **1. Introduction**

Institutional voids emerge when there is a complete lack of, or underdeveloped, institutional framework to support entrepreneurship (Elert and Henrekson, 2017). The presence of institutional voids is apparent in limited policies, infrastructural supports or an unsupportive culture, which act to constrain entrepreneurial processes and outcomes (Spiegel and Harrison, 2017; Bruton et al., 2010). Such institutional voids are common in emerging economies characterized by newly established commercial practices and social norms (Manolova et al., 2008).

Prior studies have highlighted the need for supportive policies and infrastructure to promote and enable entrepreneurship (Giacomin, 2011). However, the impact of social and cultural practices on entrepreneurship remains underexplored. Culture is defined as patterns of thinking, feeling and acting which are learned and shared by others (Hofstede, 2001). Culture impacts entrepreneurship by defining who is deemed socially ‘legitimate’ as an entrepreneur and thus facilitates the development of pro-entrepreneurial values and patterns of thinking (Krueger et al., 2013). For instance, Marlow and McAdam (2015) argue that in societies where social norms associate entrepreneurial activity with masculinity, female entrepreneurs lack legitimacy with may subsequently reduce their access to resources. Krueger et al., (2013:704) argues that ‘how’ and ‘why’ cultural practices, and underlying values and norms, matter for entrepreneurial action’ remains underexplored and requires greater empirical attention.

Digital entrepreneurship has been posited as a means to overcome limitations in the institutional environment, including unsupportive cultural practices, with lower barriers to entry enabling the ‘democratisation’ of entrepreneurship (Namsibian, 2016). However, Dy et al. (2017) argue that this conceptualisation of the Internet as a neutral and meritocratic space, particularly in the context of socially marginalised groups, remains significantly underexplored. Accordingly, the aim of this paper is to explore how female digital entrepreneurship develops in the presence of social and cultural institutional voids, which manifest as social practices and norms of behaviour unsupportive to entrepreneurship.

In order to achieve our research aim, our empirical setting is Saudi Arabia, an economically wealthy but underdeveloped economy, characterised by a masculine culture,

heavily reliant on oil revenues, with ambitious plans to diversify and promote entrepreneurial growth (Kingdom of Saudi Arabia Government, 2016). According to Spiegel and Harrison's (2017) classification of entrepreneurial ecosystems, Saudi Arabia is munificent in entrepreneurial resources such as access to finance but lacks a well-functioning social and cultural framework to support entrepreneurship. These limitations manifest as institutional voids, constraining entrepreneurial actions. In particular, Saudi Arabia's strict gender segregation means that women face additional difficulty in interacting with banks or accessing male dominated institutions or networks (Tlaiss, 2015). However, there is increasing anecdotal evidence to suggest that female entrepreneurs in Saudi Arabia are developing pragmatic solutions, based on digital technologies, to transcend such institutional voids and as a result are engaging in institution altering behaviour. We argue, that in pursuing digital entrepreneurship and navigating institutional voids, female digital entrepreneurs are enabling transformative change within the wider entrepreneurial economy.

This paper makes a number of theoretical and practical contributions with respect to how digital entrepreneurship develops in the presence of institutional voids and how subsequent entrepreneurial actions facilitate institution altering behaviour. First, we contribute to the institutional voids literature by providing new insights into how women in Saudi Arabia, a socially marginalised group, navigate institutional voids and engage in institution altering behaviour. Second, we contribute to research on digital entrepreneurship by examining how the online environment facilitates the pursuit of entrepreneurial intentions in emerging economies. This is significant as prior research in the digital entrepreneurship domain predominantly focuses on the experiences of European and North American entrepreneurs (Dy et al., 2017; Namsibian, 2016). Third, we contribute to research on women entrepreneurship by demonstrating the emancipatory potential of digital technology for women doubly constrained by gender biases and a weak institutional framework. Finally, we provide an original theoretical model to guide future research on the interaction between entrepreneurial action and the social and cultural context.

This paper is structured as follows. We commence by outlining the key constructs of our theoretical framing, namely, institutional voids, digital entrepreneurship and institutional altering behaviour. Next, we outline our research design. This is followed by the critical evaluation of six biographical narrations of Saudi Arabian female digital entrepreneurs. Finally, we consider the implications of our arguments to advance theoretical and practical understanding of digital entrepreneurship in emerging economies characterised by institutional voids.

## **2. Theoretical Framework**

### **2.1 Institutional Voids**

There is a long-observed relationship between levels of institutional and economic development (Chang, 2011; Castellachi, 2015) such that SMEs in emerging and developing economies, seen as catalysts of economic development (Mair et al., 2012), suffer from weak institutional contexts (Khanna and Palepu, 1997; 2000; Lee and Kim, 2009; Mair and Marti, 2009). In such environments, the enactment of laws and regulations is inefficient, corruption and bureaucracy is widespread, educational systems and infrastructures are weak, uncertainty and hence transaction costs are high and business environments are less stabilised by universalistic rules, all of which make entrepreneurial firms particularly vulnerable (Narooz and Child, 2017; Silvestre, 2015; Mesquita and Lazzarini, 2008; Peng et al., 2008). From a new institutional economics perspective, the weakness of institutional environments is defined as the absence or lack of enforcement of formal market-based institutions, or institutional voids

(a term originally attributable to Khanna and Palepu, 1997), although there is a counter-argument that even in the absence of these formal market-based institutions there is a ‘swamp’ of informal and non-market institutions which impinge on and constrain entrepreneurial activity (Olthaar et al., 2017).

Arising out of the wider interest in institutional theory in an entrepreneurial context (Bruton et al., 2010), the nature and impact of institutional voids has been studied in a number of settings. These include access to investment capital (Harrison et al., 2017), the operation of capital markets (Kim and Song, 2017), rural economic development (Mair and Marti, 2009; Mair et al., 2012), subsistence markets and agribusiness (Davies et al., 2017), market entry by SMEs and the liability of outsidership (Fiedler et al., 2017), SME internationalisation (Narooz and Child, 2017), government intervention in access to finance (Armanios et al., 2017) and social innovation and social entrepreneurship (Turker and Vural, 2017). For the most part, this research makes no reference to gender and specifically the impact of institutional voids on women (exceptions include Mair et al., 2012; Chakrabarty and Bass, 2014; De Vita et al., 2014; Manolova et al., 2006; Boehe and Cruz, 2013), nor does it specifically address new venture creation per se (see Tracey and Phillips, 2011; Riddle et al., 2010; Williams and Vorley, 2015, for recent exceptions). Furthermore, there is almost no research on digital entrepreneurship and institutional voids other than Littlewood and Kiyumba’s (2017) analysis of hub organisations in Kenya, Drouillard’s (2017) work on digital start-ups, also in Kenya, and Ngoasong’s (2017) exploration of entrepreneurial digital competencies.

We argue that there is a close connection between the concept of institutional voids and that of the entrepreneurial ecosystem (Spiegel and Harrison, 2017). Specifically, in a well-functioning ecosystem, institutional voids do not exist; policies will promote a regulatory environment and corporate governance system which support business, for instance protecting intellectual property, without being overly bureaucratic or burdensome for small or new businesses (Harrison and Leitch, 2010). Such policies will in turn facilitate the development of a supportive entrepreneurial infrastructure characterized by the availability of networks, role models, and accessible finance (Carlsson et al., 2013), supported by a supportive culture, reflected in a positive status of entrepreneurship, generalized trust, tolerance of failure and willingness to accept risk (Peng et al., 2017; Spiegel and Harrison, 2017).

However, the three pillars of the entrepreneurial ecosystem – policy, infrastructure and culture – are not in practice equally developed in all entrepreneurial ecosystems, and the institutional voids that result have a detrimental effect on the functioning of the system as a whole. This is the basis for Spiegel and Harrison’s (2017) classification of entrepreneurial ecosystems, which examines the level of resources available (munificent or sparse) and network strength (well-functioning or poorly functioning). Munificent ecosystems are abundant in policies and infrastructure that support entrepreneurship, such as accessible finance, entrepreneurial knowledge, role models and skilled workers, while sparse systems lack these. Resource access is facilitated by a well-functioning social and cultural framework supportive of entrepreneurship. According to this classification, economies dependent on natural resources aiming to diversify, such as Saudi Arabia, are likely to be characterised by an entrepreneurial ecosystem munificent in resources, such as entrepreneurial opportunities and finance (Kingdom of Saudi Arabia Government, 2016) but constrained by institutional voids in the social and cultural context. An unsupportive cultural context sets boundaries by limiting the social legitimacy of pursuing entrepreneurship (Krueger et al., 2013), and imposing sanctions for deviating from normal behavior (Ahlstrom and Bruton, 2002).

In this paper, we examine the implications of institutional voids for female digital entrepreneurs as they develop and maintain their business. We do so in a very particular and under-researched context – Saudi Arabia. One of the features of so-called ‘sheiko-capitalism’ (Ali 1995a; 1995b; Budhwar and Mellahi, 2007) and in particular of Saudi Arabia, is the

presence of widespread market failures and institutional voids (Mellahi, 2007), the existence of which make alliances with powerful business groups or political actors essential for business success, whether as multinationals or international joint ventures on the one hand (Mellahi et al., 2011) or entrepreneurial start-ups and SMEs on the other (Abu Baker et al., 2017). In such circumstances, the response to underdeveloped institutions and frequent environmental shifts is the reliance on reputation – consisting of prominence, perceived quality and resilience – to address potential transaction uncertainty (Gao et al., 2017). For entrepreneurs and would-be entrepreneurs, building a positive reputation, although difficult to acquire, has a cumulative positive effect as a meta-resource or strategic asset (Rindova et al., 2005) that can in turn leverage other resources.

From an institutional perspective, reputation is embedded in the social context of the actors and comprises a set of collective beliefs about a firm shaped by the evaluations of high-status individuals and institutions (Rindova et al., 2005; Gao et al., 2017). Based on their business history analysis, Gao et al. (2017) identify three approaches to building reputation as a means of combatting the liability of social and economic “outsiderness”: through serendipity, using outside events to signal not just product quality but to engender belief in their ability to persistently deliver this quality; through providing a solution to a pressing need (and hence filling an institutional void), which captures the attention of the relevant stakeholders; and through partnerships, leveraging the reputation of an existing firm or firms for one’s own benefit (Stuart et al., 1999). Given that all three approaches are challenging (luck is unpredictable, filling an institutional void is complicated, getting a reputable firm to partner is difficult), how start-up entrepreneurs manage the generation of reputation in developing new products and services, reconfiguring markets and challenging institutional arrangements, remains a gap in our understanding which this research seeks to address.

## **2.2 Digital Entrepreneurship**

Digital entrepreneurship has been posited as a “great leveller” (Dy et al., 2016) leading to the ‘democratisation’ of entrepreneurship as entrepreneurs benefit from greater access to ideas, potential customers and necessary resources (Namsibian, 2016). In this paper, we define digital entrepreneurship as ‘the pursuit of opportunities based on the use of digital media and other information and communication technologies’ (Davidson and Vaast, 2010:2). The incorporation of digital architectures (e.g. online communities and social media) and artifacts (digital components, applications or media content) mean that spatial and temporal boundaries of entrepreneurial activities, when and where activities are carried out, are significantly less constrained and product and service opportunities are constantly evolving (Namsibian, 2016). In addition, the Internet attributes of convenience, ease of use, large audience reach, anonymity and interactivity (Case, 2016; Lin et al., 2015; Walther and Boyd, 2002) mean that digital entrepreneurship offers significant potential for those groups who face barriers to engagement in bricks-and-mortar entrepreneurship (Novo-Corti et al., 2014; Shirazi, 2012). Accordingly, digital entrepreneurship is posited to facilitate the engagement of marginalised groups, with one such group being women, as online platforms develop and implement their own social and contractual frameworks that are often independent of local restrictions (Parker et al., 2016; Martin and Wright, 2005).

Dy et al. (2017) however challenges the notion of the Internet as a neutral and meritocratic platform for entrepreneurship. Sassen (2005) similarly argues that although advances in digital technologies offer significant potential for women to engage in entrepreneurship, these opportunities exist within the confines of existing social and cultural practices. Daniels (2009) likewise argues that women use the Internet in ways that resist but also reinforce hierarchies of gender. In examining female digital entrepreneurship in the UK context, a developed economy with significant wealth inequality, Dy et al. (2017) found that

offline inequalities were simply replicated online, and digital technology was insufficient to overcome the resource constraints faced by immigrant women. However, in emerging economies, characterised by institutional voids, the transformative potential of digital entrepreneurship may be significantly greater than in developed countries. Shneor et al. (2013) found that in Turkey, women engage in entrepreneurship in a rate similar to men, however in Norway, a highly developed economy, women's entrepreneurship significantly lags that of men. In order to explain this finding, Shneor et al. (2013) draw on Hofstede's (2004) thesis of 'disaffected entrepreneurship' wherein individuals are more likely to engage in entrepreneurship if they face significant difficulties operating within existing organisations (Shneor et al., 2013). As such, socially marginalised groups, with one such group being women (Mair et al., 2012; Boehe et al., 2013; Calàs et al., 2009), may derive a greater benefit from using digital tools to enable entrepreneurship than women in developed countries.

Eriksson-Zetterquist et al. (2009) argue, in order to understand the potential impact of technology, it is essential to analyse the social and cultural context in which that technology is operationalized. The adoption of institutional voids as a theoretical lens enables the uncovering of factors that may constrain women's ability to build sustainable and scalable businesses. Davidson and Vaast (2010: 4) argue that the socio-material nature of digital entrepreneurship, the overlapping of technology affordances and social practices, mean that the digital 'entrepreneur himself/herself becomes an element within a complex of socio-material practices' over which he/she may have some, if limited, influence.

### **2.3 Institution Altering Behaviour**

While the entrepreneurial ecosystem approach views entrepreneurship as influenced by the system, it also highlights the importance of entrepreneurs as central players in the creation of the system and for keeping the system healthy (Stam and Spiegel, 2016; McAdam et al., 2017; Isenberg, 2011). Elert and Henrekson (2017) argue that when faced with institutional voids, entrepreneurs can choose to abide, evade or alter the institutional framework. Digital entrepreneurship, in particular, is likely to give rise to institution evading or institution altering actions as 'technology changes exponentially but social, economic and legal systems change incrementally' (Downes, 2009: 2). While evasive entrepreneurship focuses on actions taken to circumvent institutional voids, institutional altering behaviour, involves individual or organizations constructing new institutions which may help to promote their organization or field (DiMaggio, 1988; Lawrence et al., 2002).

Current research on institution altering behaviour focuses primarily on how large corporations attempt to shape and influence government regulations (Hillman et al., 2004; Lawton et al., 2013; Oliver, 1991). However, the significant costs involved in driving regulatory change mean such a path may be closed to new and small entrepreneurial ventures. While Elert and Henrekson (2017) focus primarily on evasive entrepreneurship, there understanding of how entrepreneurial actions effect institutional change is equally applicable to institution altering behaviour. As such, the effect of institution altering behaviour on institutions is largely indirect with entrepreneurial actions altering the de facto effect of institutions. By this logic, entrepreneurial actions which do not comply with institutional norms cause the institution in question to gradually lose significance and incremental or radical change may be formalised in changed laws and regulations surrounding entrepreneurial action. As Elert and Henrekson (2017) argue, productive institution altering entrepreneurship deserves greater attention as a fundamental agent in the development of healthy entrepreneurial ecosystems. In the context of women in Saudi Arabia, pursuing entrepreneurship entails a fundamental challenge to social and cultural norms, which view women's primary place as being in the home and their primary commitment to the family (Abu-Lughod, 2013; Ahmad, 2011). However, the extent to which digital technology allows women to navigate and alter

unsupportive social and cultural practices through their engagement in digital entrepreneurship requires greater attention (Dy et al., 2017). In this paper, we contribute to this gap in understanding by addressing the following research question: How does digital entrepreneurship emerge in the presence of significant institutional voids in the social and cultural context?

### **3. Methodology**

#### **3.1 Research Design**

In order to answer our research aim, we adopted an interpretive case study methodology. Such an approach allows us to build an understanding of the properly contextualized experiences of female digital entrepreneurs in Saudi Arabia and as such “rather than being treated as a control variable, context becomes part of the story” (Zahra and Wright, 2011: 72). Specifically, through semi-structured interviews, we developed narrative biographies of women’s lived experiences of digital entrepreneurship in Saudi Arabia. A narrative approach is particularly useful in understanding how aspects of the institutional context, social, political and economic ‘interweave and overlap’ in both public and private spheres (Haynes, 2006; Marlow and McAdam, 2015). Our approach therefore enabled us to gain a deep insight into how the institutional context impacted women’s pursuit of entrepreneurship and how their actions in turn impacted the social and cultural context.

Saudi Arabia was chosen as our research site for a number of reasons. First, Saudi Arabia is an emerging economy, heavily dependent on oil revenues with ambitious plans to diversify the economy away from resource dependency and towards the promotion of new venture growth. The country’s ambitious Vision 2030 plan (Kingdom of Saudi Arabia Government, 2016) details numerous policy initiatives focused on increasing SME activity to at least 30% of GDP (Kingdom of Saudi Arabia Government, 2016). As Welter (2011) argues emerging economies, undergoing fundamental economic and political changes are apposite settings in which to understand the impact of the institutional context on entrepreneurial processes and outcomes. Second, given the restrictive social and cultural practices, such as gender segregation and male guardianship, women are likely to be especially impacted by the presence of institutional voids. However, Saudi women’s engagement in entrepreneurship is almost on par with that of men, representing 38.6% of total entrepreneurs in Saudi Arabia (GEM, 2016:25); thus, demonstrating that women in Saudi Arabia are willing and capable of developing new ventures. Third, in order to facilitate new venture growth and increase female participation in the labour force, the government has sought to foster a digital culture and the development of a digital economy. However, there is limited research detailing women’s experiences of entrepreneurship in general and digital entrepreneurship in particular (Dy et al., 2016).

#### **3.2 Data Collection and Analysis**

In order to identify female digital entrepreneurs for inclusion in this research, we adopted a purposive sampling strategy (Neergaard and Ulholi, 2007; Pratt, 2009). As such, female entrepreneurs who founded the business on their own or in cooperation with others, responsible for businesses reliant on digital technology, operating a minimum of two years, were interviewed in person during 2016-2017, consisting of numerous meetings with subsequent telephone conversations to clarify and expand upon specific issues. Table 1 provides a summary of our participant’s characteristics.

[Insert Table1 here]

### 3.3 Degree of Digitalisation

The female digital entrepreneurs included in this research all founded businesses reliant on digital technology, however the degree of digitisation varied. While AP (mobile application) and FB (digital marketing) could be characterised as high-tech, the other businesses were classified as digital due to their significant use of digital business processes. By including a range of digital businesses, rather than focusing on the niche area of high-tech businesses, we were thus able to assess the broad potential of digital technologies in enabling women in Saudi Arabia to navigate institutional voids (Dy et al., 2016; Neergaard et al., 2005). Table 2 provides a summary of the degree of digitisation of the businesses involved in our sample. While all businesses engaged in digital marketing and selling, only two firms sold exclusively digital products or services, with quasi-digital indicating that digital technologies were a key component of the service offered or the distribution process. All firms utilized online communication tools to enable remote working, with two of the businesses having no physical headquarters.

[Insert Table 2 here]

The questions were semi-structured in nature which ensured that all participants discussed a common set of questions relating to the digital components of the business, use of social networks and family and societal expectations, whilst also ensuring that participants were encouraged to elaborate on specific issues (Table 3). Thus, data collection developed as a guided account of the participant's experiences, perceptions, choices and actions in relation to digital entrepreneurship in the presence of institutional voids. The interviews were conducted at the respondent's workplace or home, lasted approximately one hour, were audio-recorded and transcribed verbatim. Following the protocol identified by Leitch et al. (2010), we sought to ensure the validity and reliability of our data in two ways. First, we sought to ensure the accuracy of our interpretations via follow-up interviews with our participants (Morse, 1991); and second, we enable other researchers to determine the methodological veracity of our research design by providing a traceable chain of evidence (Pratt, 2009).

[Insert Table 3 here]

The semi-structured face-to-face interviews, follow-up phone calls and written notes resulted in a 'critical mess' (Gartner, 2010) of data. The NVivo qualitative data analysis software (QDOS International, Version 9) was used as an analytical tool in order to structure the material and to draw out salient themes. Analysis began by identifying repeated statements and grouping these into provisional categories and first order codes (Strauss & Corbin, 1990). We then engaged in axial coding, focusing on the ways in which these first order categories related to each other, in order to further condense the data into theoretical categories (Locke, 1996; Strauss & Corbin, 1990). In the third stage of analysis, we developed aggregate theoretical dimensions (Corley & Gioia, 2004; Maitlis & Lawrence, 2007). Moving from first order codes to the development of aggregate theoretical dimensions was not linear but involved deep and recursive comparison of the data with emerging codes, resulting in the development of a robust understanding of how the data related to the theoretical constructs of our theoretical framing. The final data structure is illustrated in Table 4 which summarizes the key themes upon which the findings and discussion section is based.

[Insert Table 4 here]

#### 4. Findings and Discussion

Given our alignment with an interpretive, qualitative methodology, the results and discussion are now presented or integrated conjointly as suggested by Yin (2009). The aggregate theoretical dimensions are explored in detail and illustrated with fragments of the narrative or “power quotes” (Pratt, 2009). The findings are then discussed in the context of research on digital entrepreneurship, institutional voids and the emergence and implications of institution altering behaviour.

##### 4.1 Institutional Voids and Institution Altering Behaviour

In relation to how female digital entrepreneurs in Saudi Arabia responded to institutional voids through engagement in institution altering behaviour, four key social and cultural voids and consequent responses were identified. First, issues resulting from cultural and legal practices of gender segregation were addressed through online working and use of a male secretary. Second, limited access to mentors and role models was addressed through engagement in pragmatic entrepreneurial networking. Third, lack of trust in online sellers was addressed through social media presence and the liaising with social media influencers to develop the reputation of the business. Finally, family and societal expectations regarding women were addressed through the sharing of success stories and “small wins” with family members. Based on these findings, we then develop an original theoretical model depicting the multi-level and bi-directional interaction between individual entrepreneurial actions, institution altering behaviour and the social and cultural institutional context. Table 5, provides a summary of the response to institutional voids and institutional altering behaviours identified, which are examined below.

[Insert Table 5 here]

##### 4.2 Digital Technology and Gender Boundaries

The general sentiment amongst the participants was that digital working was considered an environment where women felt comfortable and a place where they could thrive (Plant, 1997; Sassen, 2005). This provision of a safe space appeared particularly relevant for the Saudi Arabian context in which social, cultural practices and legal frameworks sought to limit interaction between men and women (Daniels, 2009; Abu-Lughod, 2013; Ahmad, 2011). As CC remarked – *“In Saudi, a small business is very male oriented, which is the norm. For you as a girl, it is difficult on so many levels. Personally, I am a shy person, around women I am not shy, around men I am shy”*. Thus, digital working allowed the women to navigate limitations in the social and cultural context which would otherwise make working in a mixed-gender environment difficult. Welter (2008; 2011), drawing on empirical analysis of female entrepreneurship in post-Soviet Uzbekistan, found that ascribed gender roles, specifically the belief that young women should stay at home until they are married, meant women’s entrepreneurial ambitions were limited to home-based, low income and low growth industries. However, our findings indicate that women in Saudi Arabia use digital technology to develop a space in which they feel comfortable outside the home, and to enable the development of scalable, high growth potential businesses.

Social and cultural gender based norms in Saudi Arabia are supported by a legal framework that necessitates government offices to cater for men and women separately (Tlaiss, 2015). As FB explains access to information and required paperwork, is then restricted based on gender. *“I wanted to get a form from the Ministry of labour, but they wouldn’t allow women to go in there and the women’s department couldn’t help, because these services are only available in the men’s department.”* However, the rapid adoption of digital technology in



Saudi Arabia has resulted in much of the necessary information and paperwork now being available online. This is explained by OS *“Actually, when I started, it was not easy of course to apply (for a commercial license) and to get a permit, it was a tough job. Now, they only have to apply online and they receive it within, I think 48 hours or something”*. Thus, our findings indicate that digital technology can be used by women to transcend the norms of female behaviour (Berg, 1997) and at the same time avoid or minimise ‘gender trouble’ caused by the overt rejection of gendered norms of behaviour (Marlow and McAdam, 2015). To the extent that digital entrepreneurship both necessitates and enables the weakening of gender biases, entrepreneurial action provides the building blocks to social change (Calàs, et al., 2009).

### **4.3 Entrepreneurial Networking**

Strong networks based on family ties are fundamental to the operation of Saudi Arabian society (Abu Baker et al., 2017). In particular, an individual’s Wasta or network capital, which they can create through their own actions or through belonging to a high-status family, may determine their resource access (Mellahi, 2007). However, the growing importance of private enterprise in Saudi Arabia has led to a decrease in the value of Wasta (Hutchings and Weir, 2006). *“It (Wasta) is relevant in the government sector. But here in the private sector your skills are your Wasta. If you have the skills you will be hired, simple as that, so the Wasta thing is not working anymore”* (GX). As a result, the old system of Wasta, which was viewed by our participants as a form of unearned advantage, is being replaced with business oriented, entrepreneurial networking in the private sector. However, notwithstanding widespread gender segregation in Saudi Arabia, male dominated networks were perceived as more beneficial than female-only networks (McAdam et al., 2017). This is summed up by AP, - *“We go to networking events but not female events. At female events, sometimes we get the sense that we know more than them. We need someone we can look up to... We attract a lot of attention because we are female. We have met a lot of potential investors, a lot of potential partners, sometimes employees, a lot of opportunities going to these seminars and meetings.”* As Marlow and McAdam (2015) argue, in such settings women may become “honorary men” however they are nonetheless defined by their ascribed femininity.

Whilst all the women referred to mentors that they turned to for advice and emotional support, these were invariably male. Our findings demonstrate that women favoured male mentors, in part due to a shortage of accessible female mentors and the availability of entrepreneurial male family members. For example, CC identified her father as her primary mentor and a constant source of emotional support and encouragement. *“I used to cry. I swear I used to cry. I would go out and sit in the car, nobody saw me and my father was with me, and I would cry to him ‘I’m not cut out for this, I will mess up and he’s like – stop crying, don’t let them see you, you can do this!’”*. However, the women, also used the Internet to develop and maintain relationships with mentors outside their family and social circle. *“I had an online mentor; I had an American mentor; this was a secret. I respected him but he didn’t understand the culture. I now have a Saudi mentor who is really, really good. He understands the culture, diversity, man and woman relationships”* (FB). It is interesting that a male Saudi mentor was deemed especially valuable in navigating social and cultural issues, even though FB was herself a Saudi woman, highlighting the complexity of gender issues in Saudi Arabia. The use of male mentors, likely reflects the shortage of available female role models, but also the need to ‘think like a man’ in Saudi Arabia’s masculinised business environment (Marlow and McAdam, 2015; McAdam et al., 2017).

#### **4.4 Building Trust in Online Selling**

Within Saudi Arabia, the concept of online selling is relatively new; trust in online marketers and use of credit cards is relatively low, with only 7.5% of Saudis willing to use credit cards online (Communication and Information Technology Commission, 2016). *“The idea of online shopping is not something that people are used to and I did struggle a bit in the beginning... Even if we told them we have a return policy, they did not trust that we would follow through and that we would push them to take the item”* (OS). Those therefore wishing to sell online must overcome significant barriers, both in terms of accessing the required infrastructural supports and establishing necessary trust with customers (Jones and Leonard, 2008; Glover and Benbasat, 2010). Obtaining access to a reliable payment gateway was also seen as a key challenge. *“the problem was the payment gateway. Because, here we don’t have any legal payment gateway, we have to use PayPal and for example when we use PayPal the minimum percentage they take is 12%”* (SJ).

Gao et al. (2017) found that in the presence of institutional voids in emerging markets entrepreneurs must focus on credible signalling of relevant information. Accordingly, social media influencers were deemed influential in developing consumer trust. *“In the beginning, we had to contact social media influencers to promote our site ... if there was no Instagram or no snapchat how would we reach people? It would be really difficult. Now you can just contact someone and they have millions of followers and in a second everyone can see you”* (OS). The enhanced market penetration afforded by the Internet and social media was therefore critical in increasing the visibility and trustworthiness of the digital businesses, which otherwise might suffer in a purely offline context due to gendered assumptions, which view entrepreneurship as a largely masculine endeavour (Manolova et al., 2007). The ability of digital technology to facilitate reputation building is explained by GX, *“I remember when I first started to receive emails saying they wanted to order. I said okay, thank you for your order, we’ll get it out for you, we transfer your order to the warehouse. And actually, I had no warehouse, it was my house. So, I would open the warehouse email and I would say we received your order and we will get it out to you, it will go to the shipping officer in two days. And the shipping officer was actually my brother! So, you know I created all this and people would deal with me thinking I was a big cooperation, a big company that deals with a lot of things and who is trustworthy”*.

In addition, our findings indicate that the reputation building benefits of having a strong online presence can also enhance self-efficacy and self-belief as online selling can provide valuable feedback regarding product/service demand and viability. This is summed up by CC - *“When we launched the machine in 2013 - that’s when I knew we had quick growth. The day we launched it, we sold out, we had orders from 8 different countries.”* As such, digital technology facilitates positive reputation building which can be leveraged as a meta-resource or strategic asset (Rindova et al., 2005; Davidson and Vaast, 2010). Interestingly, Boehe and Cruz (2013) argue that in emerging economies characterised by instability and significant institutional voids, female entrepreneurs perform better in terms of business debt repayment than their male counterparts, however in more stable economic environments, men outperform women in terms of debt repayment. If the ability to repay business debt can be taken as a proxy for entrepreneurial success, it may be the case that women are better equipped to develop creative solutions and navigate institutional voids than men. However, when these voids disappear they start to lose their advantage. As such, the far reaching and instantaneous feedback enabled by online selling may be pivotal in closing the gap in female and male entrepreneurship in both emerging and developed economies (Welter and Smallbone, 2008).

#### **4.5 Transforming Family and Societal Relationships**

In examining women’s entrepreneurship in the North American context, Aldrich and Cliff (2003) demonstrate that family relationships can influence opportunity emergence and

recognition, the decision to set up a new venture and access to resources. In the Saudi Arabian context, where family relationships and embeddedness are at the centre of the social order, this is especially so (Davis et al., 2000; Peterson, 2001). Women in Saudi Arabia, who work outside the home tend to work in traditional feminised roles such as teaching or in supporting positions in the government sector, with relatively short working hours, normally ending at 2pm. *“They (parents) gave me a hard time. When I would stay in the office until 8 in the evening my mum would call and say – if you had your University job you wouldn’t still be there”* (FB). In addition, to longer hours, entrepreneurship, including digital entrepreneurship, necessitates long distance travel. However, it is not deemed appropriate for Saudi women to travel without a male guardian (Tlaiss, 2014; 2015). *“So, being in business means travelling, travelling alone. It means interacting with men face to face”* (CC). However, as a consequence of engaging in digital entrepreneurship, the women were actively challenging and indirectly altering these cultural norms (Elert and Henrekson, 2017). As GX explains, *“Now they accept it and they are supportive and they allow me to travel alone. Sometimes, ironically when my sister wants to travel they say, ok you are going to go with your sister now or you are not going! I’m the guardian now, ha ha!”*

One of the key strategies used by the women to gain familial support was the telling of stories about their daily successes or “small wins”. *“Whenever I have a speech to give I always share it with them. To make them feel the success, to make them proud and to believe in FB”* (FB). In sharing their success stories with family members and in entering into entrepreneurship, previously the sole preserve of men in Saudi Arabia (Tlaiss, 2015), the women were able to redefine their relationships with family members, especially with their fathers. As CC eloquently explains - *“because it was the first time I spoke his language”*. In addition to transforming family relationships, the women were also seeking to enable societal level changes by acting as role models and inspiring leaders for other women in Saudi Arabia. As GX explains, *“I had no skills and no family connections at all and I was able to do it, if I was able to do it then everybody can do it. So, I hope that I can inspire more people.”* This sentiment is echoed by SJ, *“I always like to think that we actually created this opportunity for other Saudi ladies. I am actually very proud of that, I don’t feel any competition or anything.”*

#### **4.6 Entrepreneurial Action and the Socio-Cultural Context**

In summary, our analysis demonstrates that in the presence of institutional voids in the social and cultural context, female entrepreneurs may draw on digital technologies to navigate such voids (Elert and Henrekson (2017) and in doing so engage in institution altering behaviour by increasing women’s legitimacy as entrepreneurs in the Saudi Arabian context. According to Mair et al., (2012), in order for women to benefit from economic development and participate in market transactions, they must first be viewed as legitimate entrepreneurs. In acting as role models and mentors to potential female entrepreneurs in Saudi Arabia, the women are facilitating the diffusion of pro-female entrepreneurial values and patterns of thinking (Kreuger et al., 2013) and thus reducing the sanctions faced by the next generation of female entrepreneurs for deviating from behavioural norms, customs and practices unsupportive of female entrepreneurship (Ahlstrom and Bruton, 2002).

Figure 1 illustrates our proposed theoretical model developed from our findings. Welter (2011) argues that there is a need to draw attention not only to the impact that social and cultural context has on entrepreneurial behaviour but also to the impact of entrepreneurial agency on the institutional cultural context. To this end, Welter (2011), drawing on Dopfer, Foster and Potts (2004), recommends a micro-meso-framework. Our theoretical model responds to this recommendation by making explicit the link between micro-level entrepreneurial action, meso-level institution altering behaviour and the macro-level socio-cultural context. A two-way causal interaction implies both top down and bottom up processes. Top down processes refer

to the impact of behavioural norms, customs and practices on entrepreneurial action. Bottom up processes also occur, through institution altering actions which cause the social and cultural norms to gradually lose significance and also as a consequence of successful entrepreneurs acting as role models and mentors to inspire potential female entrepreneurs.

Prior research on emerging economies has highlighted a two-way interactive relationship between entrepreneurial action and the social and cultural context (Harrison and Spigel 2017; Elert and Henrekson, 2017; McAdam et al., 2017; Stam, 2015; Welter, 2011). In this paper, we unpack the dynamics of this interaction and provide new insights by illustrating the mediating effect of institution altering behavior. We provide empirical evidence that digital entrepreneurship, in particular, is likely to give rise to institution altering behavior, as social, economic and legal systems are likely to lag technological innovations (Downes, 2009). In so doing, we respond to calls by Elert and Henrekson (2017) to pay more attention to productive institution altering entrepreneurship as a fundamental agent in the development of healthy entrepreneurial ecosystems. In addition, we operationalise Welter's (2011) micro-meso-macro level framework in order to understand the interaction between entrepreneurial action and the social and cultural institutional context. Our novel findings illustrate that women in Saudi Arabia utilise digital technology not only to navigate but also to alter unsupportive social and cultural practices through their engagement in digital entrepreneurship. Institutional change is subsequently effected as the social and cultural norms which constrain women's entrepreneurship gradually lose significance or are directly challenged through role modelling and mentoring behaviour.

[Insert Figure 1 here]

## **5. Conclusion and Future Research**

This paper examined how digital entrepreneurship emerges in the presence of significant institutional voids in the social and cultural context. The empirical setting for our research is Saudi Arabia, an emerging economy undergoing fundamental economic and political changes, thereby providing a rich reproach setting in which to understand the impact of the institutional context on entrepreneurial processes and outcomes (Welter, 2011). Accordingly, our empirical findings, presented as narrative biographies of six female digital entrepreneurs, demonstrate that digital technologies facilitate the navigation and bridging of socio-cultural institutional voids. In addition, as consequence of engaging in digital entrepreneurship, women in Saudi Arabia are both directly and indirectly altering the existing institutional context (Welter, 2011; Elert and Henrekson, 2017).

Through the provision of these novel findings, we make three key theoretical contributions. First, we contribute to the institutional voids literature by providing new insights into how women in Saudi Arabia, a socially marginalised group, navigate institutional voids in the socio-cultural context and engage in institution altering behaviour. Whilst prior research has highlighted the importance of voids in the formal institutional framework - economic, legal and political, significantly less attention has been paid to the impact of informal social and cultural practices on entrepreneurship (Welter, 2011). Second, we contribute to research on digital entrepreneurship by examining how the online environment facilitates the pursuit of entrepreneurial intentions in emerging economies. Our findings demonstrate that digital technology has the potential to provide women with a safe space, where they can flourish and pursue digital entrepreneurship, when the socio-cultural context may be unsupportive. Third, we contribute to research on women's entrepreneurship by demonstrating the emancipatory potential of digital technology for women doubly constrained by gender biases and a weak institutional framework. Accordingly, digital technology enables women to navigate

unsupportive socio-cultural contexts in order to pursue entrepreneurship and thus transform their lived realities, both in terms of their position within the family and in changing societal expectations regarding gendered norms of behaviour. The transformative potential of digital entrepreneurship is realized when women develop increased self-efficacy, self-belief and act as role models and inspiring leaders for potential female entrepreneurs. Our final contribution lies in the development of an original, multi-level, theoretical model demonstrating the two-way causative interaction between entrepreneurial action, institution altering behavior and the social and cultural context, which provides a framework for future research.

Our examination of digital female entrepreneurship in the presence of institutional voids suggests a number of avenues for future research. Whilst in-depth narrative biographies were used to provide deep insight into women's challenges, beliefs and motivations surrounding digital entrepreneurship within the Saudi Arabian context, future research could adopt a longitudinal focus in order to glean a more nuanced understanding of how women's entrepreneurial behaviour changes and adapts to a rapidly changing institutional context. Secondly, we acknowledge that gender intersects with other markers of difference, such as economic status and social class, and accordingly, digital technologies may not have the same transformative potential for all women in Saudi Arabia (Daniels, 2009). As such future research is needed to understand how ascribed social roles interact with gender to increase understanding of the impact of digital technology on women's daily lives. While we acknowledge these limitations as promising avenues for future work, we believe that we advance understanding of digital entrepreneurship through the provision of unique insights into how digital technologies can bridge limitations in the socio-cultural context to facilitate women's pursuit of digital entrepreneurship.

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## Tables and Figures

**Table 1: Participant’s Characteristics**

	Age	Marital Status /Children	Sole Founder /Partner	Industry Sector	Product/ Service	Years of Operation	No. of Employees
SJ	21-30	Married/ no children	Partner	Jewellery	Product	3-5	6
AP	21-30	Unmarried / no children	Partner	Online Application	Service	<3	5
CC	31-40	Married/ 1 child	Sole founder	Food and Beverage	Product	3-5	25
FB	31-40	Unmarried/no children	Partner	Digital Marketing	Service	3-5	28
OS	31-40	Unmarried/ no children	Sole founder	Online Clothing	Product	<3	5
GX	31-40	Unmarried / no children	Partner	Event Management	Service	5-8	75

**Table 2: Degree of Digitisation in Business Model**

	Digital Marketing	Digital Selling	Digital Goods	Digital Distribution	Digital Stakeholder Management	Digital Operations
SJ	yes	yes	no	*yes	yes	yes*
AP	yes	yes	yes	yes	yes	yes
CC	yes	yes	no	*yes	yes	yes*
FB	yes	yes	yes	yes	yes	yes*
OS	yes	yes	no	*yes	yes	yes
GX	yes	yes	yes*	no	yes	yes*

\*indicates quasi-digital

**Table 3: Interview Schedule**

Background Info:	<p><b>Personal information:</b> Age? Married/Single? Children?</p> <p><b>Business Information:</b> Any other previous business? What types of goods / services does the company offer? How many years in in operation; No of employees? Can you give me an approximate of your yearly sales turnover? What funding source(s) did you use to start the company? Where do you sell your products/ services? What are your future development plans for the business?</p>
Degree of Digitisation	<p>How important is digital technology to your business? How does ICT impact the running of the business? Do you use the social media to interact with customers? What challenges have you faced in running a digital business (trust in online selling; developing digital capabilities; educating customers)?</p>
Key Challenges (Institutional Voids)	<p>What key challenges or barriers did you face during in developing and maintaining the business (legal, financial, family, managerial)? Can you identity any “Critical incidents” – breaking points where things were critical, and tell me about them and how they were addressed?</p>
Social Networks	<p>Entrepreneurs commonly rely on their social networks and people they know in order to help with early stages of start-up and also developmental stages. Tell me amount the types of “watsa” that you might have and how it helped you in setting up the business? Can you give examples of your watsa? Do you have a ‘mentor’ that you can turn to for advice? Are you a member of a women’s business network, or do you know women in similar roles?</p>
Family/Friends Influence	<p>Did your family influence your educational choices? How did your family feel about you setting up a business? Were your family / friends supportive when you decided to start the business? Did family responsibilities and expectations impact business growth and ambitions?</p>
Reflection	<p>Is there anything you would like to add regarding your experience of digital entrepreneurship? What advice would you give to other Saudi women wishing to start a business?</p>

**Table 4: Data Structure**

<b>Creating Provisional Categories and First Order Codes</b>	<b>Theoretical Categories (2<sup>nd</sup> order themes)</b>	<b>Aggregate Theoretical Dimensions</b>
Statements about; the impact of social media; barriers caused by gender segregation; strategies for navigating gender boundaries; digital working in response to difficulties in travelling and interacting with men.	Social Media Engagement Gender Segregation Digital Working	Digital Technology and Gender Boundaries
Statements about entrepreneurial family members; limited female entrepreneur role models; negative impact of wasta as unearned advantage; reduced effect of wasta in private sector; need to build your network; strategies for network building.	Entrepreneurial Role Models and Mentors Wasta Network Building	Entrepreneurial Networking
Statements about; online selling in Saudi Arabia; trust in online retailers; limited use of credit cards; preference for cash on delivery; difficulty in accessing online payment platforms; use of social media influencers to build trust.	Online Selling Credit Card Use Social Media Influencers	Building Trust in Online Selling
Statements about; being a woman and an entrepreneur in Saudi Arabia; pushing the boundaries; being a pioneer; inspiring others; instigating change; family support; challenging familial expectations; balancing work and life stresses.	Societal Expectations and Family Relationships Strategies for Gaining Family Support Becoming a Role Model	Transforming Family and Societal Expectations

**Table 5: Examples of Institution Altering Behaviour**

<b>Institutional Voids</b>	<b>Responses to Institutional Voids</b>	<b>Examples of Institution Altering Behaviour</b>	<b>Aggregate Theoretical Dimension</b>
Gender segregation	Online working and use of male secretary	Digital technology and gender boundaries	Gender segregation of men and women
Limited access to role models	From WASTA to pragmatic networking	Entrepreneurial networking	Limited access to entrepreneurial mentors and role models
Lack of trust	Building trust through social media presence and relationships with social media influencers	Building trust in online selling	Lack of trust in online sellers and unwillingness to use credit cards
Family and societal expectations regarding women	Building support through sharing stories of success with family members	Transforming family and societal expectations	Family and societal expectations – a woman’s place is in the home

**Figure 1: Causal Interaction, Entrepreneurial Action and the Socio-Cultural Context**

