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# Deinstitutionalization through Business Model Evolution: Women Entrepreneurs in the Middle East and North Africa

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Additional information is available at the end of the chapter

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*“The first day I sold my perfumes was the best day of my life. Customers loved them. No one had ever bought such a good product at such a low price. I was overjoyed with the success, even though I worried about getting caught running my own business...In the early years, I couldn’t even open my own bank account! Everything was cash only.” Esraa, Female Entrepreneur from Oman*

## Abstract

This chapter is among the first to examine the interplay between deinstitutionalization and the rollout of novel business models by women entrepreneurs in developing countries. Much of the existing literature has examined the ways in which policy directives by formal institutions are the key drivers of entrepreneurial activity among women. Implicitly, this orientation suggests that the fate of women entrepreneurs is tied to, and cascades from, macro-level deinstitutionalization efforts, arising through changes in policies, laws and regulations championed at the highest levels. While this top-down view may intuitively be attractive, there are empirical reasons to doubt that the “institutional cascading” model accurately captures the underlying mechanisms of entrepreneurial activity among women. Taking a radically different tack, we develop and test an alternative, market-based perspective in which novel business models developed by women drive deinstitutionalization in bottom-up fashion. The context for our study involves detailed case histories of 95 women who started new businesses in the Middle East and North Africa (MENA), 1960–2012. Using a question-driven research design, our findings indicate that deinstitutionalization is strongly associated with the timing and substance of entrepreneurial action taken by MENA women.

**Keywords:** women entrepreneurs, business models, deinstitutionalization, institutional theory, innovation, Middle East and North Africa

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## 1. Introduction

Success stories of female entrepreneurs in developing economies often elicit surprise, ranging from casual intrigue to brazen incredulity. The long-standing and often intractable impediments faced by women in business are well-documented [1]. However, comparatively little is understood regarding the mechanisms by which women engage in entrepreneurial activity despite business venturing prohibitions or other formal and informal limitations. To date, much of the focus has been on the ways in which women entrepreneurs are favorably or unfavorably affected by institutional policy changes [2] or how they may be enabled as the beneficiaries of grassroots programs, such as the micro-finance model [3]. Missing from these perspectives are the ways in which women entrepreneurs are themselves the instigators of purposeful change, not through political machinations and formalized programs, but through innovative business models that successfully deliver superior goods and services to competitive markets. The purposeful deinstitutionalization wrought from these entrepreneurial actions is the focus of this study.

Recent efforts to better understand the relationship between institutions and entrepreneurial activity have drawn scholars to scrutinize the influence from a variety of perspectives, including: institutional barriers to growth [4, 5], the use of intermediaries to precipitate institutional change [6], the use of "soft power" [7, 8] and use of nonmarket strategies [9–11] to influence firms, industries and institutions through the activation of political and social leverage [12–15]. To varying degrees, each of these perspectives reinforces Baumol's [16] notion that entrepreneurial activity will emerge to varying degrees and with varying characteristics and intents as a function of the prevailing economic, political, and legal institutions. Scholars focusing on the mechanisms of institutional change have generated a formidable body of empirical work supporting the argument that nonmarket dynamics are non-ignorable sources of influence [5, 17] and that, just as Baumol [16] had predicted, institutions play a pronounced role in emergence and expression of entrepreneurial activity [18–20].

At first glance, it would appear that the macro-institutional template is well suited to the description and analysis of entrepreneurship among women, including those seeking to gain a financial foothold at the base of the pyramid [21]. There are, however, reasons to doubt whether the distinctive, underlying mechanisms of entrepreneurial opportunity pursuit by women have been aptly captured by extant theories [22]. Similarly, it is far from clear that research connecting institutional change to entrepreneurial activity [4–6] accurately conveys the specific set of circumstances faced by female entrepreneurs, particularly those confronting institutional barriers in developing economies [23]. Scholars such as Ehlers and Main [3], Harper [24], and Elam [25] have convincingly asserted that the descriptive accuracy and predictive reliability of existing frameworks are suspect.

Through the effort to articulate an omnibus framework to explain the mechanisms of institutional influence on opportunity emergence [26], scholars may have inadvertently marginalized key mechanisms of action and important sources of variance in opportunity pursuit and venturing outcomes. If so, then explanatory frameworks may be considerably less robust to gender differences than scholars previously had thought and with far greater consequences concerning the entry and survival strategies of female-owned and operated

ventures, particularly in developing economies where the subjugation of women is often deeply entrenched [23, 27]. A central cause of this veridicality gap may stem from efforts by entrepreneurship scholars to develop models of endogenous actors functioning as “institutional entrepreneurs,” individuals who drive change through existing organizations. For example, Greenwood and Suddaby [28] make the strong case argument that institutional entrepreneurship by central organizations is far more important than change-oriented activities occurring on the periphery of formal institutions.

There are a number of problems with the “institutional-actor-as-central-change-agent” perspective [29], including the trenchant reality that institutions often remain unflinchingly inertial for very long periods of time [30]. These problems are magnified in the context of female entrepreneurship [1]. First of all, women have comparatively little presence in governing organizations. Legislative agendas and constitutional initiatives aiming to improve the status of women are often subordinate to hegemonic forces that are more focused on preserving the status quo [31, 32]. This suggests that the impetus for change likely materializes exogenously, not endogenously. Second, the focus on institutional entrepreneurship posits a top-down approach to societal change, such that the forces of deinstitutionalization [33] are the consequence, not the cause, of improved financial prospects for women. This seems dubious since a framework dominated by the conception of institutional action relegates women to the role of simply waiting for male-dominated institutions to confer economic privileges. In fact, studies on the growth in female-owned businesses show that women are not waiting for institutional reform [34]. Finally, an institution-centric approach fails to account for the transformational potential of market-based activities that tie entrepreneurial innovations to eager customers through novel business models that may empower and enable women well beyond the reach of legislative fiat [35].

Our investigation addresses these shortcomings by developing and testing a novel approach to female entrepreneurship that contributes multi-disciplinary insights to research streams in strategic management, entrepreneurship, political science, and development economics. The framework we propose inverts the explanatory model for female-driven business venturing by identifying market-based mechanisms that fuel deinstitutionalization from the bottom-up, rather than the top-down. Existing scholarship on women entrepreneurs overwhelming tends to characterize them as targets of institutional initiatives rather than as co-instigators of deinstitutionalization [1]. While there may indeed be instances of the top-down dynamic, counter-examples abound [35], suggesting that fresh theoretical perspectives are needed. The purpose of this paper is to answer this call.

Leveraging insights drawn from the burgeoning domain of business model analysis [36–38] and then bridging this literature to seminal works on deinstitutionalization (e.g., [33, 39]), we investigate how customer-focused, market-based innovations by female entrepreneurs are a key driver of the institutional changes affecting the financial and legal status of women. The context for our study involves detailed case histories of women who started new businesses in the Middle East and North Africa (MENA), 1960–2012. Despite their central role in fostering the survival of families throughout the world, women entrepreneurs in developing countries are notoriously under-studied. The paucity of research is even more acute in the case of MENA women entrepreneurs due to socio-religious and cultural restrictions that often impede the collection of detailed narratives [40].

Our investigation of this under-examined population of entrepreneurs illustrates our key contribution concerning the governing mechanisms of deinstitutionalization through entrepreneurial action by women; namely, by bringing to market radicalizing business models for the sake of profiting from market success, women entrepreneurs unintentionally trigger reassessments of institutional structures and aims that often result in improvements to the economic and legal status of women.

In the absence of a clear theoretical frame to examine the bottom-up deinstitutionalization through market-based business model innovations by female entrepreneurs, we proceed in the next section with the development of framing questions, which we use to derive a series stylized findings that hold rich implications for scholars and practitioners.

## 2. Framing questions

Theoretically and empirically, existing literature has sought to draw meaningful connections concerning the relationship between institutional policy and entrepreneurial action. However, the dynamics involved in deinstitutionalization from a business model-driven, bottom-up perspective fundamentally diverge from extant scholarship. Since it is our contention that omnibus theories of entrepreneurial action were not crafted taking into account the distinctive context of female entrepreneurs from developing countries, there was reason to believe that our line of inquiry would benefit from the use of framing questions in order to explicate the phenomenon at a mechanism level. Through these we sought to ascertain a set of stylized facts that could then be compared and contrasted with frameworks, reasoning and evidence from existing theory. This approach, one that departs from traditional hypothesis testing, applies methodological tools and insights from recent studies by Moeen and Agarwal [41] and O'Neill and Rothbard [42].

### 2.1. Women entrepreneurs—material progress, continuing challenges

In recent years, despite the stymieing effects of long-standing socio-cultural and economic constraints, women have come to play an increasingly important role in generating economic growth through entrepreneurial activity [43]. In fact, women now account for more than 40% of all new ventures [44], versus one-fourth that number: a mere 10% of all business start-ups: only a quarter century ago. This dramatic increase in entrepreneurial activity includes a significant and rapidly growing presence in developing countries [27, 45] where some governments have sought to activate the levers of public policy in order to stimulate and support the growth and development of women-owned businesses [2]. This surge in women-led entrepreneurship validates early attempts by policy pioneers to advocate steps to promote the role of women in creating economic growth through business venturing [23]. It also confirms the insights of prescient scholars who sought to highlight the importance of studying women entrepreneurs as a unique and vital subset within the broader landscape of entrepreneurship research [46]. Progress in the realms of public policy and scholarly research has underscored the facets of opportunity identification and development that are unique to the conditions and outcomes of women entrepreneurs [2]. This, in turn, has laid the groundwork for continued growth in the quantity, diversity and impact of new business venturing by women [47–49].

## 2.2. Women entrepreneurs in the Middle East and North Africa

Although women are challenged by institutional inertia worldwide, the MENA region offers an unusually good portal through which to assess progress toward deinstitutionalization. Prior literature has studied the role of Islam and the Shari'a on women's entrepreneurship [50], including efforts to identify the most fruitful policy initiatives to stimulate business ownership among women [40, 51]; however, extant research has failed to account for the ways in which women entrepreneurs may play a transformational role in driving deinstitutionalization and supporting market-based efforts to promulgate sustainable existence.

**Question 1:** *Has female entrepreneurship in MENA been a cause or an effect of deinstitutionalization?*

While entrepreneurial activity by women has increased worldwide in the past 30 years, women in the MENA region have notably lagged as a consequence of formal and informal restrictions on their freedom to engage in commercial activity [40, 52]. Oppressive legal restrictions and unequal access to financial and non-financial resources have conspired to severely limit the quantity, quality and diversity of entrepreneurial activity among women throughout MENA. Fewer than 28 percent of the adult women in MENA are economically active, the lowest rate in the world [53]. O'Sullivan and colleagues [54] point to a number of key factors, such as cultural attitudes, gender laws, and weak support systems, including little if any family-level advocacy. Dana [55] similarly noted limitations based on lack of financing, exclusion from male-dominated informal networks and widespread social attitudes that business ownership is strictly a domain for men.

**Question 2:** *Do legal strictures forestall entrepreneurial action by women? If so, then what explains the presence of women entrepreneurs throughout the region? If not, then how and when does entrepreneurial action precede institutional change?*

Concomitant to documenting the paucity of entrepreneurial activity among MENA women is the parallel issue of how some women do in fact succeed in pursuing entrepreneurial opportunities despite the persistence of an unfavorable institutional overlay. Very little research exists of female Muslim entrepreneurs operating in an Islamic context [54]. That which does exist mainly focuses on how macro-level institutional forces create environments that are either favorable or unfavorable to new business foundings. Left unexamined are the factors that influence behaviors and outcomes in a market-based approach to business model development by women.

**Question 3:** *What is the nature of business founded by MENA women? From where do the ideas and innovations emerge? Are the enterprises copycat businesses or do they break new ground?*

**Question 4:** *What is the effect of women entrepreneurs launching novel business models under socially, culturally and economically restrictive conditions?*

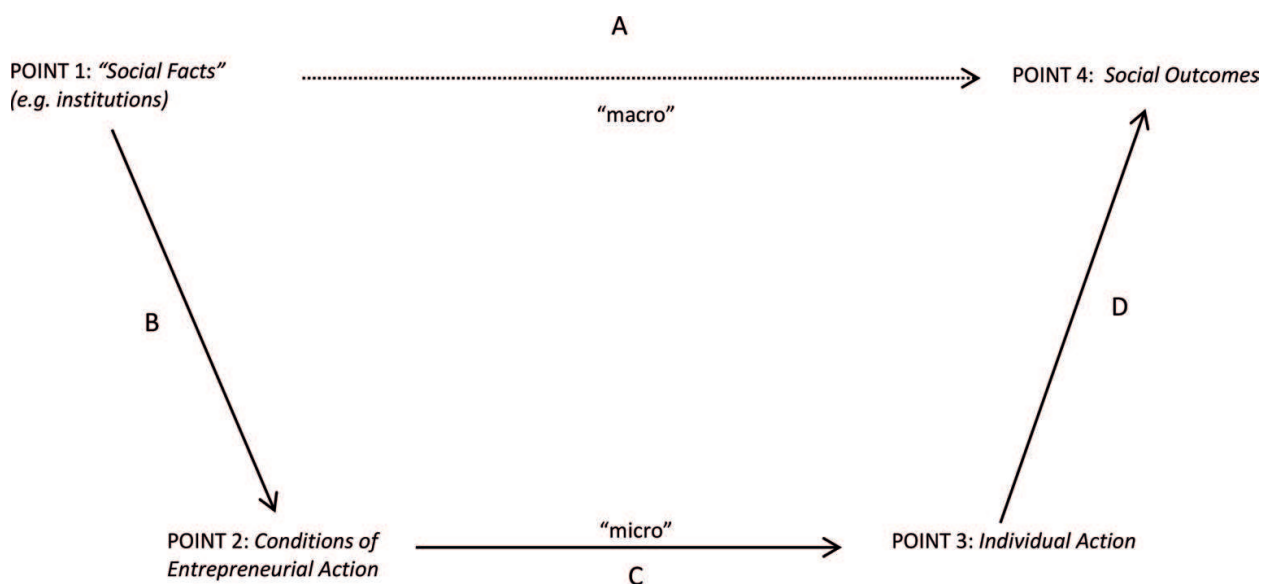
## 2.3. Mechanisms of entrepreneurial action

A key claim from the outset of this paper involved the assertion that omnibus conceptions of entrepreneurial action and Baumol-inspired institutional influence may not be sufficient grounds for the identification and description of the underlying mechanisms for entrepreneurship among MENA women. In order to properly test this claim, we needed to pose framing questions regarding the micro-level mechanisms of entrepreneurial action.

Entrepreneurial action is a meso-level phenomenon [56, 57] in which an actor (e.g., individual, firm, trade association) ultimately seeks to influence the system(s) in which it is embedded, presumably to improve the actor's autonomy or power in relation to the system [56–58]. This meta-theoretical relationship has been depicted graphically by Coleman [58], explicated by Hedström and Swedberg [59], and recently applied specifically to entrepreneurship [60]. Kim and colleagues note, "Hedström and Swedberg's application of Coleman's bathtub model urges scholars to focus on three types of mechanisms: (1) situational mechanisms (represented by [B] in **Figure 1**) by which the macro environments in which actors are embedded: such as countries, regions, organizations, markets, fields, and networks: shape actors' opportunities, goals, and beliefs; (2) action-formation mechanisms (represented by [C]) that explain how these opportunities, goals, and beliefs influence and actor's behavior; and (3) transformation mechanisms (represented by [D]) that account for how the behavior of many actors jointly brings about both intended and unintended macro-level outcomes" (p. 277).

As **Figure 1** displays, the fundamental starting point for an entrepreneur who intends to bring to market novel technologies, organizations, or business models involves confronting the conditions that challenge one's ability to interact with the macro-environmental context. In more contemporary entrepreneurship theory, Shane and Venkataraman, [61] McMullen and Shepherd [57], and Sarason et al. [62] each present conceptualizations of entrepreneurial action that acknowledge the influence of both system and individual in the contemplation of opportunity for entrepreneurial action. McMullen and Shepherd [57], for example, note that actors must first become aware of the possibility that an opportunity for someone exists before they can evaluate whether it represents an opportunity for them to engage in entrepreneurial action.

**Question 5:** *From where do MENA women entrepreneurs get their innovations and ideas?*



**Figure 1.** Coleman's boat.

Upon arriving at the conclusion (intuitively, if not deliberately) that the environment may indeed offer a possible opportunity for someone [57], actors must take action. Here, individuals contemplate the external environment and ask, how does what's happening out there affect me [63, 64]? How should a situation be interpreted given the actor's knowledge, skills, abilities, motives, and intents? These questions involve meso-level phenomena occurring exclusively within the actor-level, such as when individual-level preferences are argued to produce an entrepreneurial orientation at the firm-level [56, 65].

**Question 6:** *What forms of entrepreneurial action are undertaken by MENA women? What drives the decision to act? From where does the influence arise?*

This brings us to the transition from micro-level back up to macro-level, wherein the actor seeks to influence the system, institutions, or structure in which she is at least partially embedded. Research interested in this link seeks to understand the mechanisms actors use to transform systems and focuses on "how" as opposed to the "when and where" of situational mechanisms or the "whether, why, and who" of action-formation mechanisms. Thus, actors do not necessarily engage in behavior with the intent of transforming the system, but nonetheless they still can and do [66]. Through this process, social norms can evolve to govern behavior without individuals being consciously aware of their influence [67].

**Question 7:** *Are the micro-level entrepreneurial actions of MENA women transformative? If so, when and how?*

### 3. Extant theory: institutional cascading

#### 3.1. Women entrepreneurs and deinstitutionalization

Extant scholarship has largely focused on the capacity and resolve of existing institutions to enhance or inhibit entrepreneurial activity among women [34, 35]. As Jennings and Brush [1] noted, the small amount of prior research on women's social and environmental entrepreneurship has tended to "portray women as the targets rather than as the initiators of enterprise initiatives," (p. 711) including the rapidly growing literature on micro-finance organizations. Grassroots studies examining the role of women entrepreneurs in fostering sustainable livelihood assets [68] have framed the obstacles and opportunities of women [34] in terms of the entrepreneurial actions women have taken within the context of existing institutional constraints and support systems [69, 70]. Implicit in this approach is an event sequencing logic that presumes institutional change is the key driver of entrepreneurial activity and sustainable organizational forms among women. This, in turn, suggests that the fate of women entrepreneurs is tied to, and emanates from, deinstitutionalization, which "refers to the erosion or discontinuity of an institutionalized organizational activity or practice." [33]. When policy actions instigated by formal institutions foster greater participation by women, then opportunities for women should increase in cascading fashion. The essence of this perspective is captured in **Figure 2**.



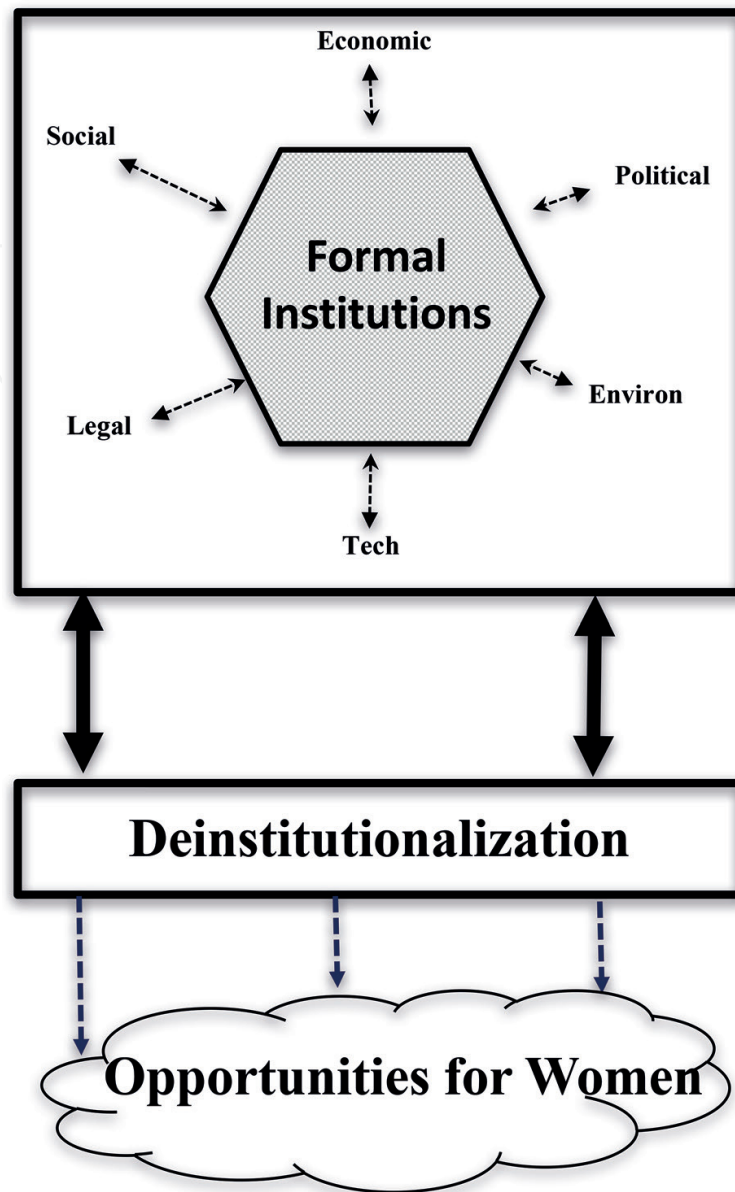


Figure 2. "Institutional cascading" approach to deinstitutionalization.

In many instances, the top-down model is a reasonable and effective basis for conceptualizing the deinstitutionalization process. As the double-headed arrows suggest, actors operating across a wide array of formal institutions take actions that promote or inhibit the process of deinstitutionalization. As momentum toward deinstitutionalization or away from deinstitutionalization occurs, institutions are themselves affected in a feedback loop. In time, this formalized process of deinstitutionalization will trickle down to women, including entrepreneurs, who will experience an increase or decrease in the quantity and diversity of opportunities, depending on the specific nature of the deinstitutionalization that is occurring.

For example, prior to the Islamic Revolution, women in Iran enjoyed access to educational and professional opportunities virtually on par with those experienced by women in western

industrialized democracies. When the Shah was deposed in 1979, the existing institutional structures were largely discarded through legislative change wrought from the Islamic Revolution, including broad policies aimed at limiting business and educational opportunities for women [73]. The deinstitutionalization and subsequent reinstitutionalization processes involved a top-down, “institutional cascading” of constitutional reforms that had a demonstrable impact on the dramatically reduced quantity and diversity of entrepreneurial opportunities available to women.

While the institution-centric framework is intuitively enticing given various efforts to change the socio-economic status among women in a top-down fashion, the “institutional cascading” model [74] may actually be constructed upside down [12, 56] when applied to many circumstances involving women entrepreneurs in MENA. Importantly, Oliver’s framework makes no governing assumptions regarding the origins of the mechanisms that drive deinstitutionalization. Rather, the top-down conceptualization appears to be an artifact of scholarship emanating from political science [71], sociology [72] and management [33] that have focused on legislative reforms and other macro-institutional policies as the principal sources of change that impact the legal and economic status of women entrepreneurs [1]. Unstudied to date is an alternative perspective in which novel business models developed by women entrepreneurs may instead lead to deinstitutionalization through the spread of new, market-based approaches, in a bottom-up fashion. As a source of influence impacting the long-term status of women and the fate of women-owned business, the differences between the top-down and bottom-up conceptions of deinstitutionalization could not be more stark. The ability and willingness of marginalized women exerting influence from outside the system constitutes a direct challenge to conceptions propounding institutional macro-mechanisms driving change through top-down cascading.

Existing literature on institutional change is deeply bifurcated on the role of agency and actors. On the one hand, some scholars have held that new ideas more often occur at the margins of a field, where individuals and groups are less beholden to formal and informal institutional norms and are more cognizant of institutional contradictions [75, 76]. On the other hand, emerging scholarship on endogenous actors and “institutional entrepreneurs” holds that centrally situated individuals are far more likely to possess the means and inclination to affect institutional change [28, 77–79]. Elam [25] makes the case that neither perspective is entirely useful to the study of women entrepreneurs because each view fails to account for the market-based forces that shape the decision-making logics of women who influence formal and informal institutions without intending to do so. Instead of presuming an institutional provocation as a call to action, a more reasonable starting point may be the creation of novel business models that are developed to address market opportunities [80].

#### **4. “Bottom-up” alternative: business model innovation**

By its very nature, institutional cascading presumes a “wait and see” approach by prospective women entrepreneurs for propitious times that ensure a high degree of social validation, as

would be suggested by the macro-structural-dominant consideration represented by Point 4 in our earlier rendering of Coleman's Boat (**Figure 1**). While the importance of formal and informal institutional influence enjoys a strong scholarly heritage (e.g., Baumol [16]; North [18]) and selected sources of empirical support [4–6, 10, 14, 15], it lacks much needed veridicality in the context of women who persist in pursuing entrepreneurial activity even in the face of institutional impediments and outright prohibitions. Solely engaging a top-down conceptualization of deinstitutionalization appears untenable under these circumstances. Our alternative approach proposes a bottom-up conceptualization based on business model innovation [81].

#### 4.1. The deinstitutionalizing effects of novel business models

Business models are the distinctive means by which a firm creates and captures economic value. Zott and Amit [82] refer to business models as the logic of the firm, “the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities” (p. 511). It is, in the words of Porter [83] an “activity system,” consisting of dynamic linkages that form a system of managerial decisions that, if successful, interlock in a complementary fashion with customer choices [82]. The focus on systemic linkages, value-enhancing activities and transactions [56] is a key facet to understanding novel business models developed by individuals through entrepreneurial activity. The customer-focused nature of business model frameworks [84, 85] is expressed through an explicit emphasis on developing and delivering the firm's value proposition [86–88]. In this sense, the customer is the “central anchor” for managerial decision-making [89, 90].

In the context of deinstitutionalization, the generation of novel business models to service evolving customer needs functions as a leading indicator of socio-cultural change [84]. While models of institutional entrepreneurship have suggested that “individualistic values are not superior to collective values as far as alertness and entrepreneurial discovery are concerned” [24] (p. 4), the sum total of market-based influences involves an amalgamation of individualistic values that can be a potent force in directing behaviors, decisions and business outcomes [89]. It is likely, then, that women who face an unfavorable constitutional regime or onerous policy environment still seek value-creating opportunities that long precede changes to institutional strictures and structures. As the proposed model depicted in **Figure 3** suggests, the starting point for this deinstitutionalization emanates from pragmatic, market-based decisions to offer better goods and services to customers.

Regardless of whether a business is owned and operated by a man or a woman, the first consideration is the owner's ability to behave entrepreneurially when seeking to generate distinctive value for customers. As Wirtz et al. [91] noted: “A business model reflects the operational and output system of a company, and as such captures the way the firm functions and creates value” (p. 274). McGrath took a similar tack, emphasizing that business models consist of “process or operational advantages, which yield performance benefits when more adroit deployment of resources leads a firm to enjoy superior efficiency or effectiveness on the key variables that influence its profitability” [92] (p. 249). Thus, the decisive characteristic of a successful female entrepreneur is not that she is female, but that she is entrepreneurial [34] and has the willingness and ability to develop and implement novel resource combinations that deliver superior efficiency and/or effectiveness to her customers.

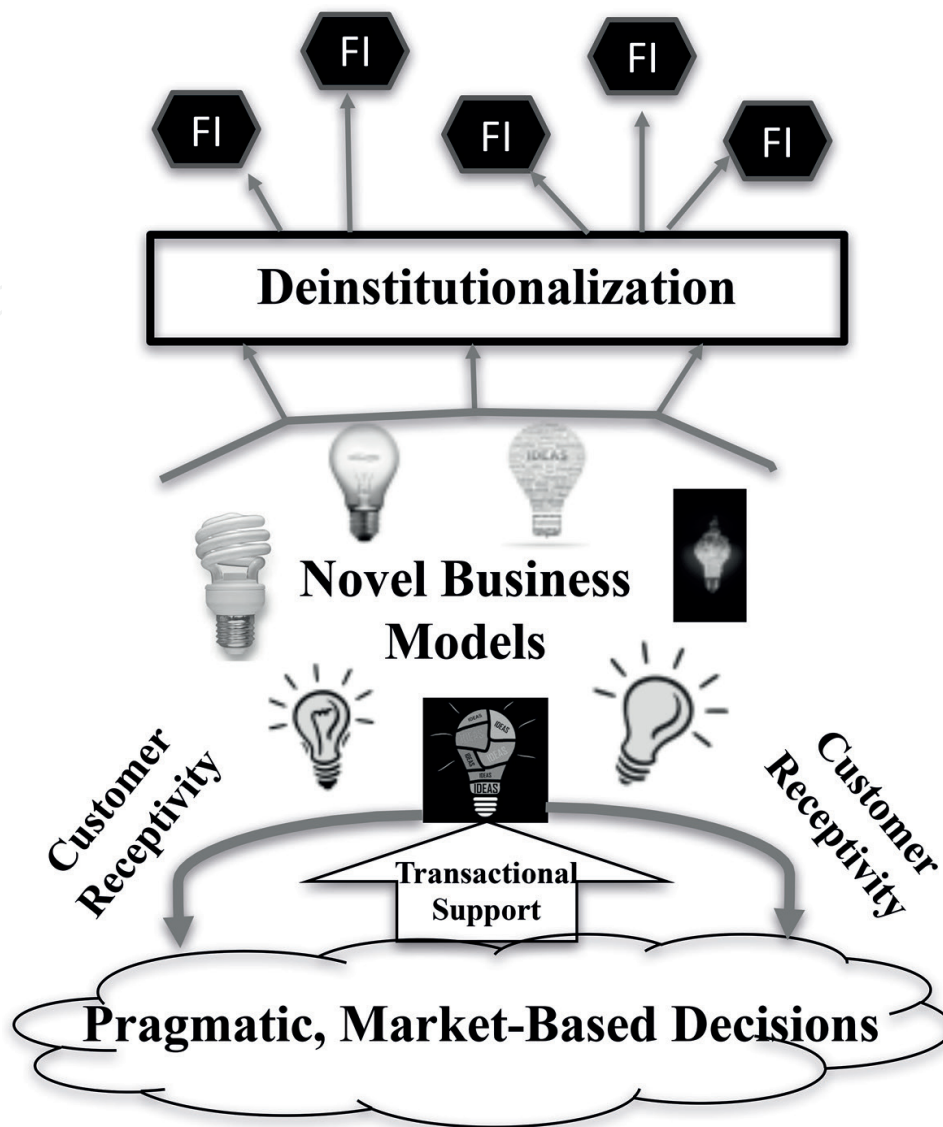


Figure 3. Business model innovation approach to deinstitutionalization.

In **Figure 3**, customer receptivity to new and better modes of delivering value results in market feedback that validates strategic and operational decisions. “Transactional support” refers to the development and implementation of specific business model support systems through market transactions with customers. Based on customer receptivity, transactional support is continuously modified to better deliver value [56]. The consequence of this is the emergence of new business models that are “interlocked” in complementary fashion with customer choices [82].

Our proposed bottom-up model theorizes that the validation of these complementary interlocks exerts deinstitutionalizing forces on a wide assortment of formal institutions (indicated by positively oriented “FI” reactions to deinstitutionalization in **Figure 3**). When deinstitutionalization occurs in this fashion, constitutional reform and other legislative changes affecting women are a consequence of grassroots mechanisms originating with market-based decisions by women who did not aspire to precipitate institutional change, but did so unintentionally through receptivity to the novel business models by the market. Thus, rather than

witnessing an institutional cascade through formal instructional reforms being the starting point for female entrepreneurs, we posit deinstitutionalization as a consequence of novel, customer-centric actions already taken in the marketplace.

## 5. Study design

### 5.1. Question-driven inquiry

Our line of inquiry constitutes a significant departure from existing frameworks and empirical studies that have focused on the ways in which women entrepreneurs primarily exploit existing, institutionally endorsed business models Jennings and Brush [1]. Missing from existing perspectives are important ways in which women entrepreneurs experiment with novel business models that precede the endorsement of formal institutions. For this reason, we engaged in a question-driven empirical analysis. The efficacy of this approach is underscored through a Special Issue (SI) call by the *Strategic Management Journal (SMJ)* focusing on “Question-Driven and Phenomenon-Based Empirical Strategy Research,” led by Graebner, Knott, Lieberman, and Mitchell. The intent of this emerging methodology, and *SMJ*'s SI, is to “focus on identifying and analyzing key questions about strategy and strategically relevant phenomena, as alternatives to developing specific hypotheses.” Like many studies employing contexts that were neither well-contemplated nor fully appreciated at the time of theory development, the methodological design employed in this study was justified by the fact that an inverted, bottom-up approach to the institutional influence of MENA women entrepreneurship is not well-explained by the logics of existing theories.

### 5.2. Case histories

We tested our re-conceptualization of the interplay between entrepreneurship and institutions through detailed case studies of 95 women entrepreneurs in seven MENA countries, each collected over a period of 1–5 days, through interviews with the entrepreneurs and associates. The case histories were compiled as part of a joint cultural anthropology and economic geography study conducted by faculty members and doctoral students from two large, American research universities as well as USAID employees working in the region. All 21 investigators had professional training in recording detailed ethnographies. The co-authors of this paper worked with the ethnographers to obtain specific entrepreneurship-oriented narratives that were relevant to our research questions, including the refinement of the framing questions. This ensured linguistic accuracy and preserved meaning across dialects. One or more of the co-authors accompanied the ethnographers on 23 of the in-depth interviews, totaling more than 400 hours of contact with the subjects.

The sample was comprised of 25 women in Morocco, 15 each in Egypt and Jordan, and 10 each in Algeria, Tunisia, UAE and Oman. The set of cases for each country included former and current women entrepreneurs, ranging in age from under 20 to over 70. The average age across all the cases was 47 years old. The stipulation for participation required that each woman must have founded her own revenue-generating business. None of the businesses

were inherited from family members or spouses. Thirteen of the women had started multiple businesses. The average lifespan for the businesses was 11 years, with a range of 2–55 years. Annual revenues ranged from U.S.\$3700 to \$45MM.

In addition to extensive discussions with the entrepreneurs, researchers also spoke with other individuals in each entrepreneurs' family and business network, with the permission of the entrepreneur. These "triangulating" interviews provided confirmation and significant elaboration of details offered by or omitted from the entrepreneurs' own accounts. No fewer than five triangulating interviews were held for each subject, with a small number exceeding 20 interviews.

The entrepreneurship-related facets of the case histories focused on obtaining a detailed description of each entrepreneur's business model, using key elements and common threads drawn from the conceptual frameworks developed by Hamel [93], Linder and Cantrell [94], Applegate and Collura [95], Osterwalder and Pigneur [37], and Zott and Amit [82]. Through these case histories, we sought to examine the evolution of viable business models in three regards: (i) The evolution of firm-level business models from the time of market entry until the sale or closure of the business; (ii) The evolution of viable business models over time across the full population of case histories, consisting of firm foundings from 1960 to 2012; (iii) The evolution specifically of market entry business models over time.

Each case history sought to elucidate the experiences of actual individuals drawn from specific entrepreneurial action that had been undertaken, usually involving the formation of a company and necessarily involving the sale of goods and services, evidenced by actual transactions that had occurred. Consistent with theory-building methods that employ the analysis of heterogeneous case studies [96, 97], the real-life cases comprising this study intentionally sought to illustrate diverse individuals and contexts in order to synthesize findings that were representative of common experiences, not fringe cases.

### 5.3. Stylized findings

Central to harvesting stylized findings from heterogeneous cases are two finely balanced aims: (i) diversity of the individual contexts, and (ii) representativeness of the overall collection of contexts [98, 99]. Single case studies are often used in management research to delve into extreme exemplars to address observational gaps that elude mainstream deductive research [100], such as Dutton and Dukerich's examination of New York's Port Authority [101] or Weick's classic exposition of the Mann Gulch Fire [102]. However, as Eisenhardt and Graebner [97] noted, while single-case studies may be an excellent tool for establishing the existence of a phenomenon, theory building is better serviced by the use of multiple cases. Analysis of diverse cases is also highly instrumental in addressing the "multiple meanings problem" [97, 103] that often bedevils qualitative research. Since multiple-case studies are characterized by intentional dissimilarity of an appropriately diverse set of cases [96, 104], the central analytical aims are triangulation and synthesis [105], not the extrapolation witnessed in single-case designs, or the refinement of extant theory by repetitive cases in a particular context. Multiple meanings are systematically culled out through the process of investigating a similar phenomenon across distinctive contexts [105, 106]. In the exposition that follows, our triangulation reveals common threads emerging from varying individuals and contexts.

## 6. Findings and synthesis

As noted from the outset, the purpose of this study was to investigate the underlying mechanisms driving MENA women to pursue entrepreneurial action even when confronted by institutional impediments. Our testable conjecture was that profit-seeking women developed and implemented innovative alternatives to extant goods and services. Further, these disruptive business models had an indelible, though largely unintended, effect on deinstitutionalization, thereby improving the financial and legal status of women. In the absence of a clear framework through which to construct hypotheses regarding a bottom-up process of deinstitutionalization, we developed seven framing questions to guide the interview process as we built the case histories. Ten stylized findings emerged, each of which generate novel theoretical contributions germane strategy, entrepreneurship, sociology and development economics.

Of the 95 case histories included in our study, 82 involved women entrepreneurs using business models in a fashion that did not strictly subscribe to the prevailing legal, social, cultural or economic conventions at the time of the firm's founding, but nonetheless achieved profitability, acceptance and longevity as institutions morphed to accommodate consumer-driven, market-based outcomes. Our findings provide support for our central argument: Evolving business models developed and promulgated by women entrepreneurs in developing countries simultaneously create new sources of customer value and, in an unintended fashion, contribute to the deinstitutionalization of barriers to entrepreneurial activity by women.

As noted above, we structured our inquiry to ascertain if and how business models evolved over time in three respects: (i) The evolution of firm-level business models from the time of market entry until the sale or closure of the business; (ii) The evolution of viable business models over time across the full population of case histories, consisting of firm foundings from 1960 to 2012; (iii) The evolution specifically of market entry business models over time.

First, we needed to establish that women had in fact started businesses and, since we were interested in whether entrepreneurial activity pre-dates or post-dates deinstitutionalization, we needed to establish whether the businesses were legal or illegal at the time each woman commenced commercial activities. As **Table 1** indicates, being a MENA woman entrepreneur almost always involved launching businesses that were illegal in some form or fashion.

Firm formation and other market-based action ensued despite formal institutional impediments. Key insights on this point are dramatized by the following perspectives:

*"I started my business because I saw the opportunity to make money. I was not ignorant of the fact that I might get in trouble, but I wasn't going to let a good idea slip away either."* Sunny, from Oman

*"People used to say that I was brave to strike out on my own at a time when women simply did not operate businesses, but now it is very common. Some of the best business owners are women."* Farah, from Tunisia

In many cases, the impediments involved significant gender-related socio-cultural issues, as well:

*"You think it's easy for a woman to run a business in Egypt? Try telling a male employee that he has made a mistake. Try telling a company with a male owner that they owe you money."* Sara, from Egypt

Country	Study participants	Participants who launched illegal businesses	Illegal businesses launched by participants	Illegal businesses that became legal through institutional changes
Morocco	25	21	47	40
Egypt	15	12	22	17
Jordan	15	11	36	36
Algeria	10	9	16	14
Tunisia	10	9	21	21
UAE	10	10	17	13
Oman	10	10	16	11
<b>Total</b>	<b>95</b>	<b>82</b>	<b>175</b>	<b>152</b>

**Table 1.** Illegal business foundings and the institutional response.

These recurrent themes ran throughout the ethnographies, crystallizing in two key findings related to unsponsored grassroots action:

**Finding 1:** *MENA women can and do start businesses despite legal strictures and social conventions barring such actions.*

**Finding 2:** *Women take market-based action before institutional policies formally allow them to do so.*

As **Table 1** illustrates, the women in our study launched 175 total businesses that were based on business models that were forbidden by laws that existed at the time of founding. In time, 87% of these businesses (152 businesses in total) eventually became legal enterprises under the applicable laws of each country. This means that the study participants launched a multitude of illegal businesses across a span of 50 years, of which the overwhelming majority were eventually sanctioned. The frequency with which new foundings consisted of partially or wholly illegal enterprises is not atypical in countries characterized by large informal economic sectors, sometimes accounting for more than two-thirds of the overall economy [107, 108]; however, MENA women entrepreneurs historically have had few, if any, formal sector alternatives, driving them to engage in illegal, informal entrepreneurial action, or non-participation. Overwhelmingly then, market entry and survival were driven by business model innovations developed by the women, despite impediments, which ranged from prohibitions against holding a bank account to owning land, and from laws against driving to laws forbidding the consummation of transactions. In time, all but 23 of these businesses became legal, meaning that in the vast majority of instances, MENA women entrepreneurs acted prior to the activation of institutional policy. A sample of these innovations and the legal impediments at the time of founding are captured in **Table 2**.

As the examples in **Table 2** reveal, MENA women entrepreneurs often operate illegal businesses for lengthy periods of time before they were institutionally sanctioned. This means that market entry and commercial operations preceded formal legitimacy to do so. The deinstitutionalization-reinstitutionalization processes involve a battle between non-conformity and institutional inertia [33]. Through societal reassessment of behavioral standards, Oliver posited



Business model innovation	Legal status	Institutional response
Prepare fresher food for vendors by cooking the morning of sale in 1960	Illegal at the time to be involved in commercial enterprise	Law changed in 1974
Sell customized orders direct-to-consumer contact in 1971	Illegal at the time to publicly transact for goods or services	Law changed in 1985
Establish co-location of complementary businesses 1984	Illegal at the time for women to own or manage real estate	Law changed in 1989
Finance the business activity of other women as franchises 1993	Illegal at the time for woman to hold a bank account	Law changed in 2007
Provide consulting services to women 1999	Illegal own and operate a business.	Law changed in 2003
Design B2B website and monetize its content 2001	Illegal to solicit and process online transactions	Law changed in 2010

**Table 2.** Sample business model innovations and deinstitutionalizing responses.

institutional “erosion” occurring over long periods of time, which eventually brings societies to a “tipping point” when deinstitutionalization can be observed. The timelines for the 152 illegal businesses suggest that the entrepreneurial activities drawn from the case histories occurred as part of the erosion leading to deinstitutionalization, not an ex post, reinstitutionalized beneficiaries of a top-down policy changes. The narrative is clearly one of “act-and-see,” not “wait-and-see” [109] From the half century of erosive activity we discover that:

**Finding 3:** *Female entrepreneurship in MENA is associated with deinstitutionalization*

**Finding 4:** *Institutional policy action follows after entrepreneurial actions by MENA women more often than it precedes it.*

### 6.1. Customer focus

Having established that MENA women entrepreneurs emerged despite an array of legal prohibitions and that their entrepreneurial activities are associated with the erosional phase of deinstitutionalization, it is necessary to ask how this occurs if we are interested in examining the micro-level, bottom-up mechanisms of this action. The following excerpts are typical of the comments drawn from the ethnographies. Above all else, early-stage innovating and go-to-market decision-making hinged on the women’s ability to identify and exploit customers’ needs, wants and desires more efficiently and effectively than existing solutions available in the market.

*“Women make most of the purchases for their families, so who is in the best position to create new products that women like? It is easy to out-think and out-maneuver businesses run by men when it involves things that women purchase.”* Raghda, from Jordan

*“I love selling to customers. Most of them have become loyal to me over the years because they trust me and know that I will do what I promise. A customer is the most valuable thing for a business and I treat my customers like they are part of my family.”* Meriem, from Algeria

A dedicated sense of connectedness to customers is a hallmark of business model research [92, 110]. In this context, it helps to explain how illegal businesses were able to survive and thrive despite laws prohibiting their existence. Ultimately, customers made decisions based on demonstrable value, not the legal system [111]:

**Finding 5:** *Customers of MENA women entrepreneurs are attracted to goods and services despite institutional policy, not because of it.*

Single-minded attentiveness to customer satisfaction provides a kind of “security blanket,” insulating women entrepreneurs from legal strictures because loyal customers are their best protection to the extent that women entrepreneurs can deliver superior value. In a sense, the transformational nature of their effort was vastly subordinate their customer-focused aims, not because they were indifferent to the plight of women, but because the best way to pursue entrepreneurial passion and ensure that their respective business survived was to remain relentlessly customer-centric. Thus, the motives and actions of the 95 women in the study were unambiguously focused on being an outstanding businessperson.

*“Hard work. That is my only rule and my only motto: Hard work. Everything I’ve ever gained has come from hard work. No one works harder than I do and my profits prove it.”* Nadia, from Morocco

*“This is the third business I’ve started so far. As soon as I think I’m done starting new businesses I think of a new way of doing something better, something that customers will love even more!”* Aqila, from Jordan

The ubiquitous theme of customer-focused, market-based decision-making logics leads to the following stylized findings:

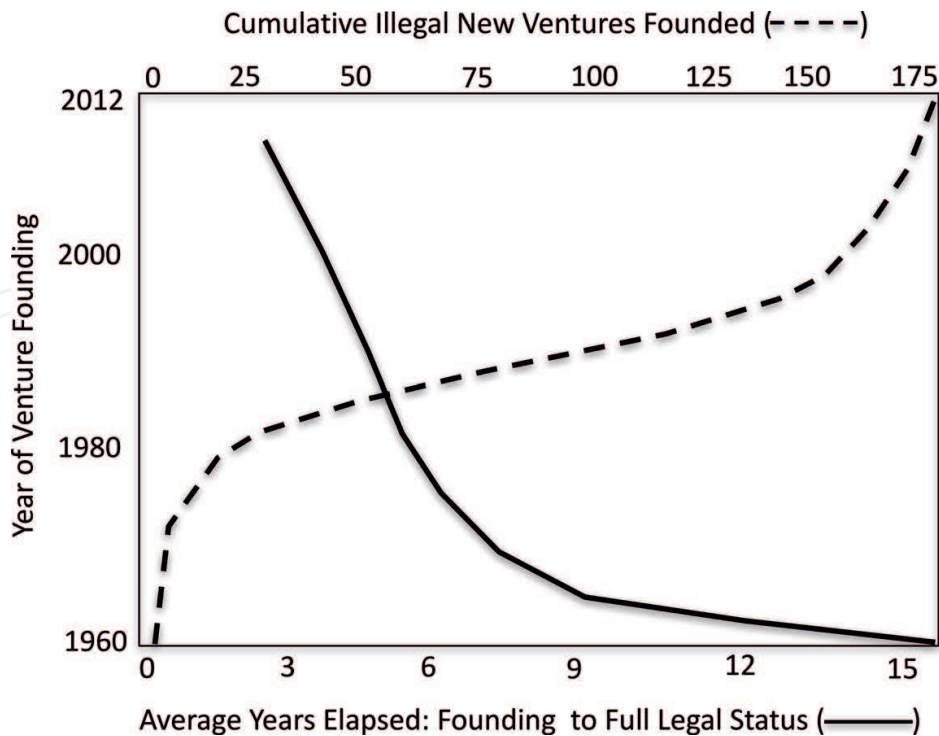
**Finding 6:** *The goals of MENA women entrepreneurs are grounded in market-based, profit-driven logics —the delivery of exceptional quality of goods and services to satisfied customers—not social transformation.*

**Finding 7:** *Successful MENA women entrepreneurs have taken an “act-and-see” rather than a “wait-and-see” approach to market-based innovations.*

## 6.2. Innovative business model generation and deinstitutionalization

As the foregoing demonstrates, MENA women entrepreneurs formed the legacy of their market-based influence by seeking to cater zealously to the needs, wants and demands of customers, which simultaneously provided commercial success and protective insulation from laws prohibiting the popular goods and services they proffered. But, how do we know that these success stories had any material relationship to the process of deinstitutionalization? How do we know that it was bottom-up influence through novel business models rather than top-down influence through the erosion of pre-existing institutional constraints? To answer these questions, we need to look at the entire population of 175 businesses over time (**Figure 4**).

As **Figure 4** reveals, there continues to be a material gap between the “founding date” and the “legitimacy date,” meaning that the great preponderance of new business models launched by MENA women entrepreneurs are illegal at the time of inception. However, it is apparent that the average time elapsed between founding and legal legitimacy has dramatically shortened.



**Figure 4.** Cumulative ventures and timetable to legal legitimacy.

The graph illustrates two points simultaneously. First, the solid line shows that more recent launches experienced far shorter waiting periods to achieve legitimacy. Second, the dashed line, illustrates the fact that more new businesses are being launched at an accelerating rate despite the fact that most of them are still illegal at the time of being launched. Thus, we noted:

**Finding 8:** *Deinstitutionalization accelerates. The acceptance of novel commercial practices paves the way for subsequent novelties.*

The acceleration in new start-ups and the shortening of the timespan until legitimacy both indicate monumental gains for existing and aspiring MENA women entrepreneurs; however, it is not obvious that innovative business models are associated with these phenomena. If the goal of the study is to determine the underlying mechanisms of bottom-up deinstitutionalization, then there must be some association between specific actions and specific outcomes at the micro-level. Otherwise, the changing legal and financial status of women could simply be attributed to the classic top-down conception that changing institutional policies will create a rising tide that eventually lifts all boats, including women entrepreneurs.

In fact, some number of women indicated that their go-to-market strategy involved imitating existing market models and trends:

*“Early on, I figured out that the best way to make money is to simply copy whatever the best company does, but I’m careful to not draw too much attention.”* Yasmin, from UAE

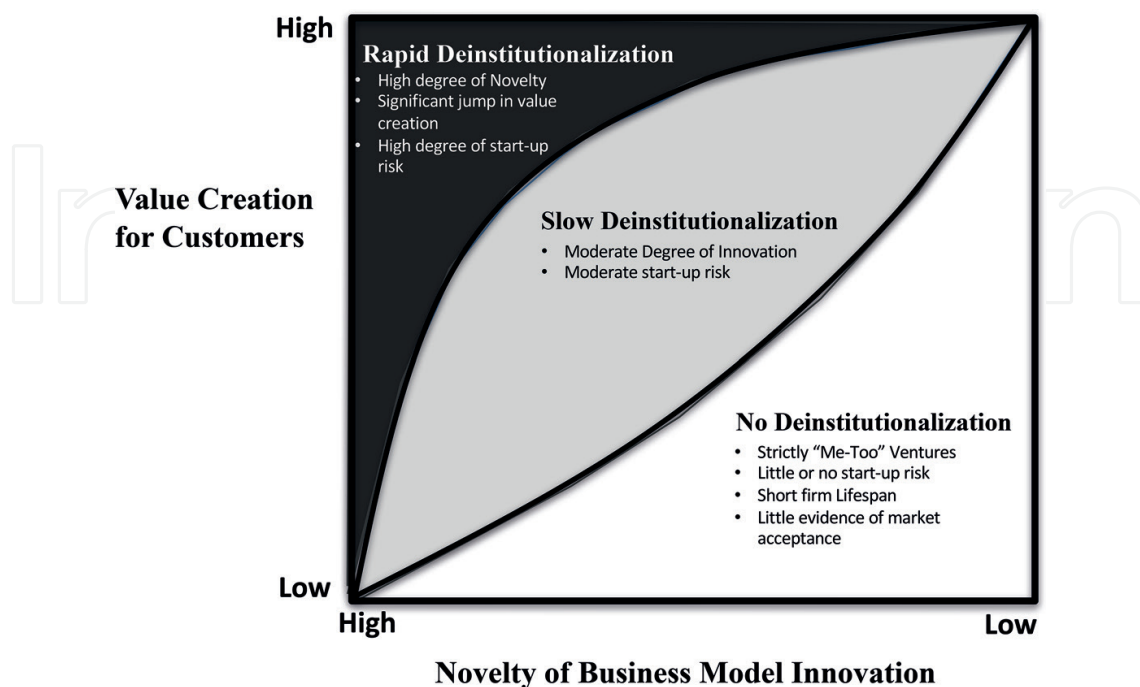
To address this concern, we looked at each of the 175 businesses and coded each one on a scale of 0–10, based on two critical dimensions. The first examines the degree to which the new goods or services created new value for customers. The second examines the degree of novelty evidenced in the business model used by the entrepreneur at the time of market entry.

A low-rated firm along these dimensions might be a nail salon or tea house that simply replicated the product and service offerings of existing businesses. A firm rated very high for innovation might be one that is the first to offer a category of products or services to the market, such as online dating services. Another example of high novelty was a business that bundled disparate products and services in a fashion that met multiple user needs and provided symbiotic pricing advantages. In this sense, we would expect that high value creation and high novelty locks in new customers in new ways that disrupt both the marketplace for goods and services and the institutional framework. Using the time gap to legal legitimacy, we examined the role of novel business models and predicted the relationships depicted in **Figure 5**.

There is no reason to expect that deinstitutionalization would be homogeneously responsive to innovation, and a regression analysis bore this out. Although a quantitative assessment was not an aspect of our original design, we had a sufficient population of firms to entertain preliminary analysis of our stylized findings, based on the model that had emerged. Using time to legal legitimacy as a dependent variable, we found that our predictive model was highly significant ( $F_{7,168} = 43.17$ ;  $Adj. R^2 = .451$ ) and that the coded values for both value creation for customers and business model innovation novelty are positively associated with deinstitutionalization ( $p$ -value  $< 0.01$ ). Since we did not have full controls available for all of the subjects, we are at loath to draw extended conclusions from these analyses, but believe they are quite intriguing. With or without the preliminary regression results, two key stylized findings emerged from this inquiry

**Finding 9:** *MENA women entrepreneurs both copy and create business models. They are neither patiently followers nor leaders. Situational effects are more important than generalizable conditions and women who can capitalize on novel innovations, do so.*

**Finding 10:** *Greater business model innovation is associated with a faster rate of deinstitutionalization.*



**Figure 5.** Relationship between market-based innovation and deinstitutionalization.

The rich, detailed information drawn from the ethnographies provide a revealing perspective on the landscape of entrepreneurial activity among women in the MENA region. Despite formal prohibitions, the vast majority of participants took business models to market that found customer acceptance and economic success. In many cases, the formulation and implementation of the business model significantly preceded institutional action to reassess the governing laws.

## 7. Discussion

By pioneering novel organizational forms and customer-focused innovations despite institutional impediments, women entrepreneurs not only create consumer demand for valued goods and services, they also build a sustainable foundation to improve the lives of their children, their communities and themselves. Oftentimes, as the foregoing results reveal, these entrepreneurial actions create lasting pathways for institutional change. While extant theory envisions institutional change seeding an increasingly receptive environment for women entrepreneurs, our framework and supporting empirics suggest that in the case of MENA women entrepreneurs the exact opposite may be occurring; that is, entrepreneurial pursuits are well out in front of policy initiatives in driving deinstitutionalization through new activity systems [112] stemming from business models that seek novel sources of profits by more effectively addressing customer needs [84, 89], thereby resulting in fresh opportunities for new entrepreneurs who may be ready to test new business models. As Oliver [33] noted, it is common for deinstitutionalization to emanate from individuals who are neither aware nor concerned with facilitating institutional change.

Our study of MENA region women suggests that grassroots activities to better serve willing customers constitute an important instigator of institutional change. Our analysis of 95 women revealed that their novel approaches were often effective and, in some case highly subversive (see **Figure 5**), even though institutional change was neither the stated nor the implicit motive for engaging in entrepreneurial activity. The findings shift attention to market-based, bottom-up approaches to commerce that address functioning markets. Concomitantly, institutions are fundamentally changed in the process, opening the door for future generations of women in a manner and with a speed that cannot be equaled through constitutional reforms.

The ability of these women to deliver meaningful, market-based value to their respective customers, we believed, would prove to be more compelling to customers than informal and formal strictures pertaining new venturing by women. Although social transformation was not a consideration to these entrepreneurs, their actions did in fact precede institutional change and, as suggested by the detailed case histories, contributed to that change.

### 7.1. Limitations and opportunities

All research designs involve compromises and tradeoffs, the efficacy of which ultimately rests upon the ability of the methodology to service the research aims of the investigation. Here too, then, there are limitations and opportunities stemming from three design decisions that

deserve greater scrutiny: (i) the use of a question-driven design, (ii) the use of ethnographic narratives, and (iii) the focus on the under-studied context of MENA women entrepreneurs.

Regarding the use of a question-driven design, as noted earlier, the development of framing questions was strongly indicated by paucity of existing literature on deinstitutionalization and female entrepreneurship. Moreover, much of the theory that does exist has taken a patently top-down, institutional cascading perspective to the process of deinstitutionalization. Studies examining the role of grassroots social movement influence, such as that seen in the wind power industry [14, 15] take up coevolutionary dynamics with some attention to bottom-up sources of influence. Contexts such as wind power validate the theory-building emphasis on exogenous, grassroots-level change mechanisms; however, the emphasis of this research stream does not focus on several facets that are indispensable to our study: legal strictures, individual decision-making, and business model innovations [80]. The purpose of this study was to deconstruct the macro-micro convergence of entrepreneurial action of social structures occurring at Point 4 of Coleman's Model (**Figure 1**) with the aim of ascertaining the micro-level mechanisms of deinstitutionalization. Since existing scholarly sentiments either had not considered this avenue or were inclined in a different direction, a more open-ended, question-driven design was ideal.

As for the use of ethnographic narratives, here too there are pros and cons. Utilizable data is rarely collected on marginalized groups, especially for women [1] and those residing in developing countries [23]. Often, the only data that is available is highly aggregated [44, 113] or consists difficult-to-generalize single-case studies. The liability of ethnographic narratives is the potential for corrupting biases emanating from the researcher and the self-presentation biases of the subjects. Concerning the former, all the ethnographers were well-trained, experienced researchers, who had extensive in-country tenures and language fluency. More importantly, all subject research was conducted while rigorously applying modern techniques that invite subjects to be "co-investigators" rather than maintaining the pretense of dispassionate observers [114]. Concerning the potential biases from self-presentation, by triangulating throughout the network of the study subjects, ethnographers could feel confident with a high degree of certainty that customers, suppliers, family members and friends provided confirmatory perspectives.

Finally, regarding the focus on MENA, the benefits of examining countries that have a persistent disconnect between the aspirations of women entrepreneurs and legally endowed constitutional freedoms provides an exceptional portal through which to observe the processes of institutionalization, deinstitutionalization and reinstitutionalization. However, several caveats are worth noting. First, MENA is far from monolithic. The ethnographies and data are aggregated here for the purpose of demonstrating "critical mass" in the focal phenomenon. By no means are the seven countries included in the study identical to one other's past, present or future. Although the countries were, by design, selected because each is overwhelmingly Muslim, the socio-cultural, linguistic and post-colonial heritages across these countries exhibit enormous differences. Second, global generalization from the MENA context is challenging. In the same sense that each MENA country is distinctive, so too are regions and countries outside MENA. Future studies can and should exploit access to other societal contexts to delve deeper and to establish meaningful boundary conditions while testing the stylized findings drawn from this study.

An additional challenge of this study stems from the emergence of potential alternative explanations. As a theory-building research design, question-driven methodologies are more prone to exposure to challenges from alternative explanations than studies applying quantitative tools regarding well-trodden research questions. In some sense, however, it is the ability to ignite purposeful debate that makes question-driven methods valuable to the field of strategic management. One prominent alternative explanation emerging from this study pertains to the issue of enforcement. The essence of this argument is that prohibitions against MENA women in various facets of commercial activity are the equivalent of “blue laws” in the U.S.; that is, they are arcane prohibitions that are never actually enforced, such as archaic state-level provisions forbidding activities like walking one’s dog on Sunday. The claim could be that throughout MENA, informal institutions: such as norms, preferences and customs: have fundamentally changed, but that there is a “constitutional lag” as the formal institutional changes move more slowly. Thus, a society may have no interest in legal enforcement even while the laws still exist. Moreover, both women entrepreneurs and their customers know this. Like so many facets of deinstitutionalization, there is almost certainly some interaction between formal and informal institutions during the process of institutional erosion [33]. However, the logic of this argument actually supports the concern that top-down institutional cascading is not the sole driver of deinstitutionalization. There are, as our study reveals, a whole host of individual actions that soften institutional inertia from the bottom-up. As the results suggest, those actions aimed at consumer-focused, market-based improvements by innovating entrepreneurs are likely to be particularly impactful.

## 7.2. Conclusion

The evidence that MENA women entrepreneurs display an “act-and-see” rather “wait-and-see” approach is itself transformative to the study of women entrepreneurship. Scholars examining institutions, entrepreneurial action and economic development can benefit from the potential micro-level mechanisms highlighted in this study. Extant theory has provided extensive support for an important truism: institutions matter. Institutional influence theories from Baumol [16], North [18] and others appear to be secure in their assertion that the structure and content of institutions exerts noteworthy influence on the quantity, diversity and purpose of entrepreneurial action. However, a focus solely on macro-structural drivers of the macro-micro nexus at Point 4 of Coleman’s Model (**Figure 1**) misses entirely the role of micro-level mechanisms, emanating from individual decisions about the commercial prospects of business model innovations.

It is beyond the scope of this study to prove causal connections between the novelty of business model innovations by women entrepreneurs and the deinstitutionalization of legal strictures that limit the access to commercial opportunities for women. Future studies will need to leverage and stress-test our findings in search of increasingly well-refined data and research designs that allow for the use of strong-theory models and robust instruments that will together provide directional certainty regarding causation. However, our findings indicate that institutional entropy [33] is strongly associated with the timing and substance of entrepreneurial action taken by MENA women. In the end, the mechanisms of deinstitutionalization appear to be less a frontal assault enacted from hegemonic seats of political power

than the steady delegitimization of accepted practices through the power of the pocketbook. Fatima, a serial entrepreneur now specializing in Moroccan Argan oil, captures the notion in this fashion:

*"My suppliers love me because I pay on time and I'm able to move huge quantities. My customers love me because they get an authentic product, not the imitations. And as for me, I have ten more ideas for new businesses...I've done this myself. No family money. No husband money. It was hard. I won't tell you how hard. But, I was born to be in business and that's what I've done."*

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