

Promoting Women Empowerment for Inclusive and Sustainable Industrial Development in the MENA Region

Assessment Report on Women Entrepreneurship
in the MENA Region

DISCUSSION PAPER

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*This discussion paper is a summary of the preliminary findings of an assessment report on the situation of women entrepreneurship in the MENA region conducted in the framework of UNIDO’s project: **Promoting women empowerment for Inclusive and Sustainable Industrial Development in the Middle East and North Africa region.***

This document is submitted to support the discussions during the Conference on Women Economic Empowerment in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia to be held in Milan Expo on 14 October 2015.

Following the Conference, and building on the discussions, the document will be revised and prepared for publication.

A. Introduction

The present discussion paper summarizes the preliminary findings of a research conducted on Women entrepreneurship development in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia, in the framework of United Nations Industrial Development Organization (UNIDO) project “Promoting women empowerment for Inclusive and Sustainable Industrial Development in the Middle East and North Africa (MENA) region. This preliminary analysis will be deepened after the Conference. The survey, in particular, will be expanded in terms of number of surveyed company as well as data processing and analysis.

The project, funded by the Italian Government, is seeking to enhance women’s economic inclusion and thus create conditions for a sustainable and inclusive growth in the MENA region by harnessing the great potential of women entrepreneurs in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia. The project is in line with the newly adopted Sustainable Development Goals (SDGs), namely SDG 1: “*End poverty in all its forms everywhere*”, SDG 5: “*Achieve gender equality and Empower all women and girls*”, SDG 8: “*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*”, SDG 9: “*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*” and SDG 16: “*Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level*”.

The project’s rationale arises from the fact that the region registers the largest gender gap in entrepreneurship in the world (OECD 2014). In fact, while women own and manage 31 to 38 percent of all businesses at worldwide level, in MENA countries, they make up around 13 percent (ILO 2015) to 15 percent (WB 2013¹) of those who are self-employed.

There are no standardized national data allowing comparisons of women entrepreneurship in the six targeted countries, but in 2013, it was estimated that the percentage of firms with female participation in ownership in the MENA region was 22.7 percent, compared to an overall of 35.2 percent worldwide. In the six countries, the percentages were as follow: Egypt, 16.1 percent; Jordan, 15.7 percent; Lebanon, 43.5 percent; Morocco, 31.3 percent; West Bank and Gaza, 12.6 percent; and Tunisia, 49.5 percent. These country figures fall to 7.1 percent, 2.4 percent, 4.4 percent, 4.3 percent, 1.2 percent and 8.5 percent, respectively, for firms having a female top manager².

In order to address the problem, UNIDO’s project has been formulated building on a holistic approach considering three intervention levels:

- (1) At the macro level, it intends to nurture, facilitate and accompany an inclusive policy dialogue between the key stakeholders with the objective to produce a set of recommendations and actions points endorsed by all parties to promote women entrepreneurship in the region,
- (2) At the meso level, the objective is to strengthen the capacities of national business women’s associations in providing better quality demand-driven services to women entrepreneurs for creating/growing their businesses and in advocating for a better enabling environment for women entrepreneurship,
- (3) At the micro level, it promotes women-led investments in the target countries through training, coaching, identification and facilitation of business partnerships opportunities and access to finance.

The project’s implementation relies on a strong partnership built with six national associations from the target countries, namely: the Association for Women’s Total Advancement and Development (AWTAD - Egypt); Business & Professional Women Amman (BPWA- Jordan); The Lebanese Association for Development, Al Majmoua (Lebanon); Association des Femmes Chefs d’Entreprises du Maroc (AFEM - Morocco); Business Women Forum (BWF - Palestine); Femmes Et Leadership (F&L - Tunisia), as well as with the respective Ministries of industry.

1. The World Bank carried out a survey on 5,887 firms in 10 MENA countries between 2003 and 2010. The findings concluded that only 15 percent of the firms were female owned.

2. Source : www.enterprisesurveys.org/Data/ExploreTopics/gender#middle-east-north-africa

As part of the activities foreseen by the project at the macro level, a research on women entrepreneurship covering the six countries of intervention has been conducted. The object of the research is to 1) provide an updated set of information on the status of women entrepreneurship development in the target countries; 2) identify challenges encountered by women in creating and expanding enterprises; 3) provide recommendations to promote a conducive business environment; and 4) reinforce the dialogue among key public and private stakeholders. The preliminary results of the research, based on existing literature and a survey carried out among women entrepreneurs, are summarized in the form of a discussion paper that will be shared with main project stakeholders to support the discussions during the Conference on Women Economic Empowerment in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia, organized by UNIDO in Milan on 14 October 2015.

B. Methodology

The focus on the six countries (Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia) was kept throughout the desk review and the survey. However, in agreement with potential donors, it is planned that the research will be extended to include other countries of the MENA region.

The survey, carried out between August and September 2015, in Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia, aimed to collect direct information on personal/business characteristics of women’s entrepreneurs in the six countries, the challenges they face, their perspectives and expectations and their perception of the conduciveness of their business environment.

The desk review took into account available data and information covering the region, produced by previous researches and statistics carried out by various organizations including: the World Bank and International Finance Corporation (IFC); the Organization for Economic Cooperation and Development (OECD); the International Development Research Centre (IDRC); and the Center of Arab Woman for Training and Research (CAWTAR).

The present discussion paper puts emphasis on the survey as it is intended to analyze women’s situations in light of their direct experiences and provides first source and updated data to be interpreted.

The Survey. A questionnaire was prepared by CAWTAR, UNIDO and the National Women Associations. In addition to quantitative data, the questionnaire was designed to put emphasis on women voices and perception, giving room and consideration to those aspects throughout the entire process of data collection and analysis. The conceptual questions that have guided the formulation of the questionnaire were as follows:

- Who are the MENA women entrepreneurs? How do they perceive themselves as women entrepreneurs? What motivated them to become entrepreneurs? What are the economic sectors they are investing in? How do they balance between managing a business and coping with family responsibilities?
- What do women perceive as being the most important legal, regulatory (and other) constraints in the business environment as entrepreneurs? What are the major challenges women face in the creation and development of their enterprises? What kind of support are they expecting from governments, Associations, BDS and other relevant stakeholders?
- To what extent financial and business services are used and suitable for women, considering the existing country-specific gender constraints: cultural barriers/lack of women’s mobility, time constraints, etc.?
- What investment challenges and opportunities do women face?
- How do they perceive their abilities as women entrepreneurs in comparison with men?
- How does the culture and social norms affect women entrepreneurship in the country?
- Do women in MENA advocate for their rights? Are women empowered as groups (groups, associations) and has their voice been able to influence decision-making? Is the coordination mechanism that ensure women associations’ dialogue well functioning? If not, what can be done to strengthen women’s associations and networking and enhance dialogue between those groups (among themselves) and women groups and decision makers? How to create leadership among women’s representatives?

In order to have a comprehensive picture of the status of women entrepreneurs in the MENA region, the survey has covered seven (7) *interlinked areas and 55 questions*. All of them are consistent parts of the overall picture defining the status of women entrepreneurs in the six countries targeted in the MENA region. It also maps out areas for improvement and specific support needed, especially in terms of access to particular services (including training), as well as policy and regulations.

The seven interlinked areas covered by the questionnaire are:

1. **Personal and business characteristics that distinguish women business owners**
2. **Social norms and perspectives**
3. **Optimism and outlook for business growth**
4. **Membership in associations and networking**
5. **The business environment: government policies, regulations and laws**
6. **Institutional support and access to credit and financial services**
7. **BDS, technology, mentoring, counselling and trainings**

1. Personal and business characteristics that distinguish women business owners

This part of the questionnaire aims to identify key characteristics that distinguish women business owners and how these personal and business characteristics determine the sectors they are active in, the products and services they provide, their roles in decision-making and how they contribute to job creations.

This is usually largely influenced by culture, traditions and stereotypes that remain deeply ingrained in the social dynamics and are translated into the fact that gender roles apply to employment and business opportunities.

Specific occupations are considered more suitable either for men or for women determining in many cases a low presence of women entrepreneurs in the business sectors. Hence, the theme identifies: 1) the ownership structure of women owned businesses; 2) the preferences of job opportunities and sectors; and 3) the motivation and obstacles that they face and their involvement in expanding entrepreneurship.

2. Social norms and perspectives

As social norms and culture determining gender roles are recognized as factors influencing women's access and participation in entrepreneurship activities, the aim is to dig more in this area to understand the barriers that women face due to the gender roles and gender stereotypes that result from the different social and economic roles that both men and women are expected to perform in the society.

Hence, this theme identifies: 1) how women business owners are viewed in the society; 2) the social norms, attitudes and perspectives towards them; 3) how these women are able to balance between work, family and social roles; and, 4) do women perceive their abilities as entrepreneurs being different than men?

3. Optimism and outlook for business growth

This area explores women's outlook regarding their business growth and their plans to invest more in resources to expand their business and reach out to new markets. However, this depends on how conducive the business environment is, and therefore, the theme tries to understand: 1) how optimistic business owners regard their business future; and 2) what their plans are.

4. Membership in associations and networking

The supportive environment is determinant for women entrepreneurs. In particular, it is crucial that representatives of women entrepreneurs regularly meet among themselves and also with policymakers to ensure that women's perspectives and interests are taken into account at the design stage of strategies and policies. Strong business associations, particularly women business associations, can ensure that women entrepreneurs are adequately supported, and that their voices reach the policymaking level. Promoting women as entrepreneurs can contribute to a positive shift in societal perceptions about the role of women in the economy, and can encourage women to consider entrepreneurship as an option. Hence, this theme explores the involvement, attitude and expectations of women entrepreneurs toward networks and other professional associations.

5. The business environment: government policies, regulations and laws

The questionnaire tries to capture the different constraints that women business owners face in the business environment. The aim is to understand how complex registration and licensing procedures are for women entrepreneurs, especially those in small and medium-sized enterprises.

Is there a need for specific procedures, including policies and regulations, to ensure that women business owners get the necessary support to promote their business and to ensure that policies and laws do not hamper enterprise growth for women. Therefore, this theme identifies the conduciveness of the business environment for women, and whether there are any procedures taken and/or in place which reduce barriers to entrepreneurship, particularly where women are concerned.

6. Institutional support and access to credit and financial services

This part of the questionnaire aims at understanding the relationship women business owners have with the financial sector and the facilities offered. The facilities may include commercial banks loans, credit guarantee schemes, venture capital funds, business angel networks, micro-finance institutions, and others. Targeted institutional support to women can signify that the agency has publicly announced its intention to reach out to women entrepreneurs. It can also mean that the agency has a dedicated bureau for women entrepreneurs. Hence, this theme identifies the way women entrepreneurs satisfy their financing needs, their general attitude towards financial institutions and the obstacles (real or perceived) that can exist in reaching them.

7. BDS, technology, mentoring, counselling and trainings

BDS can range from common facilities (photocopying, reception and telephone services) to more technical services (bookkeeping, IT support, support in business plan formulation), skills development (training and coaching) and strategic assistance (advice and consulting). This may also include legal and accounting services. The aim is to understand to what extent women are using BDS and what are their needs in terms of training and counselling.

The questionnaire highlights all these aspects from a gender perspective, looking not only at women's economic empowerment as a way to generate income, but as a way to socially empower women and enhance their self-confidence, leadership and social status. The survey was conducted to assess not only economic status and condition of women, but also to understand the perception and self-perception of women entrepreneurs interviewed.

The online survey³ was launched early August 2015, and disseminated with the support of the National Business Associations, reaching in the first place their own members. As a first step, the questionnaire has been made available in English and French, limiting therefore its access to exclusively Arab speaking entrepreneurs. In a second phase, the questionnaire will be translated into Arabic and made available online.

3. The survey was hosted on the Survey Monkey platform and made accessible through the following link: <https://www.surveymonkey.com/r/H6G692K>

c. Preliminary findings of the survey

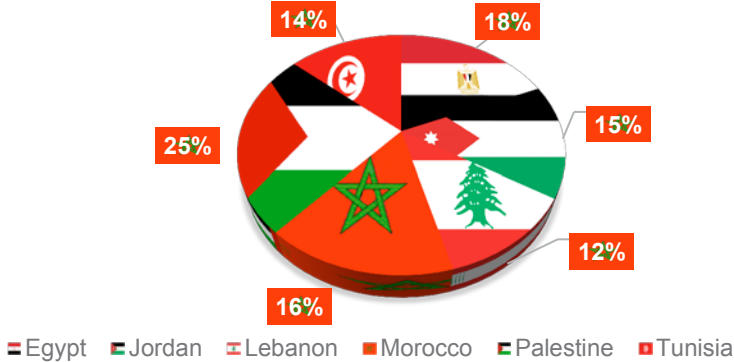
In this section we will consider some of the preliminary findings identified, which are relevant to set a good basis for discussion at the Milan Conference, and which will facilitate the formulation of recommendations for the six countries with regard to women entrepreneurship. The survey will be expanded during the next six months of the project life to consolidate the database and deepen the analysis at regional and country level.

The analysis is based on 406 questionnaires collected by mid-September 2015. The survey is however ongoing, and by the end of September, another 34 filled questionnaires were collected.

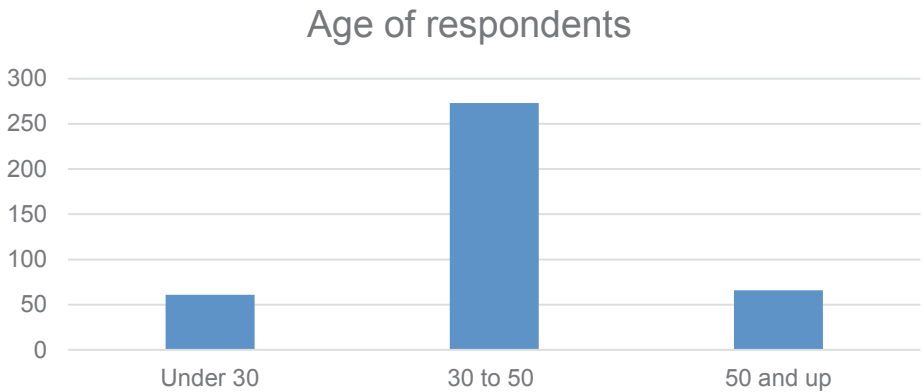
Standard profile of respondents at a glance:

► Country representation of respondents

Sample structure per country

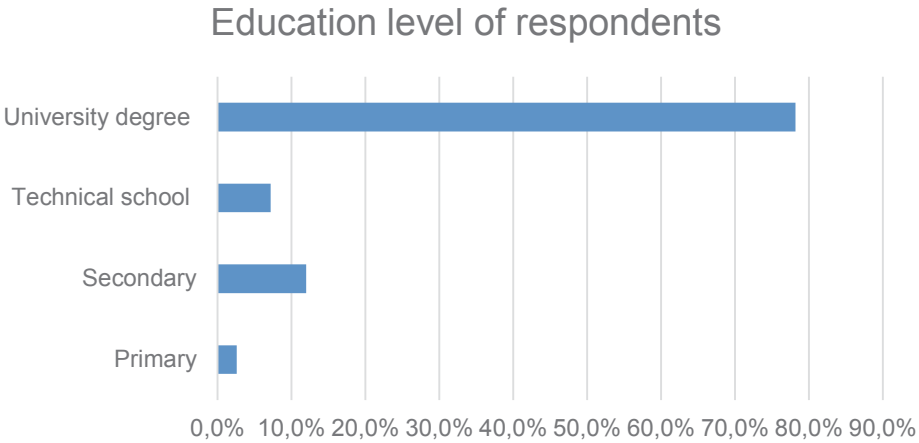


► Average age of respondents: 40 years

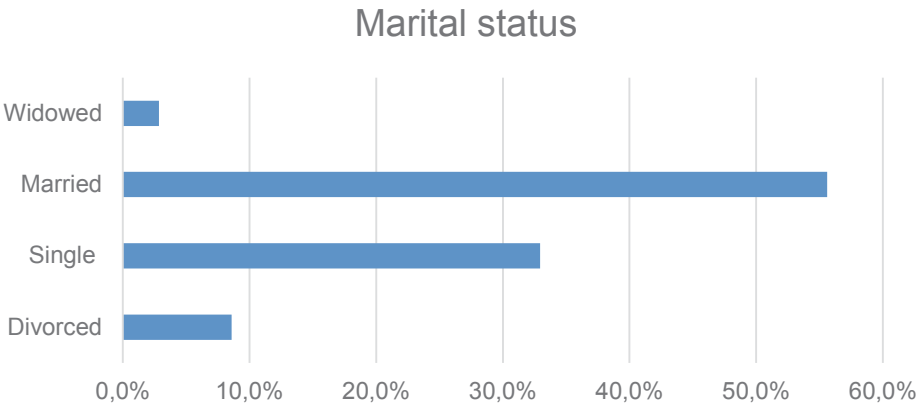


► Level of education:

A large majority of respondents had a university degree. It has to be noted however that given the fact that the disseminated questionnaire was in English and French, it restrained its access to less educated women.

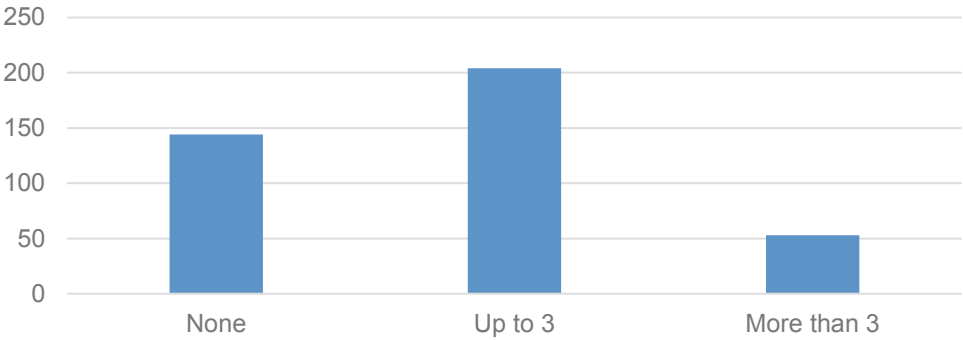


► Family / Marital Status



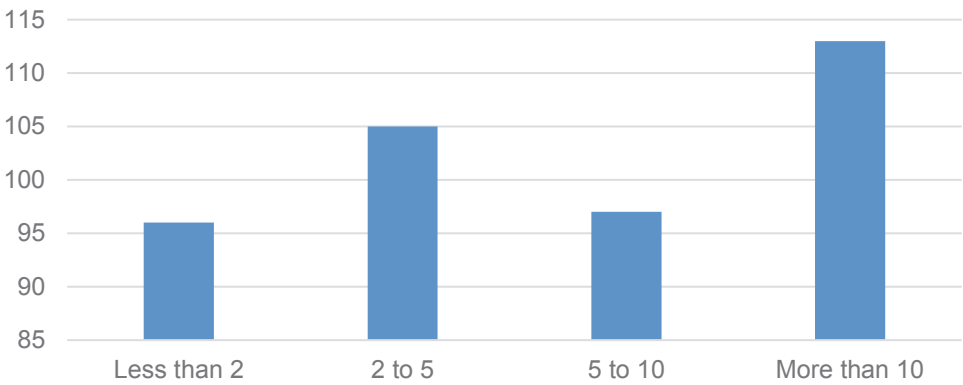
► Children

Number of children reported by respondents



► Years in Business

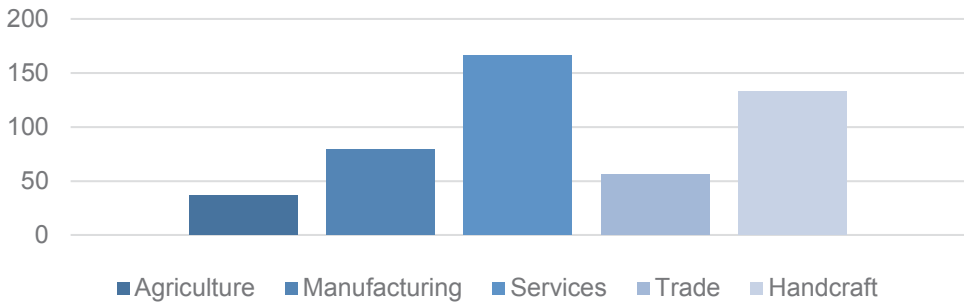
Years in business



1. Most women run businesses in the handcraft and services sectors

The survey confirms the stereotype of women managing small businesses, mainly active in services and handcraft, both sectors concentrating 63.4 percent of the activity of the surveyed entrepreneurs.

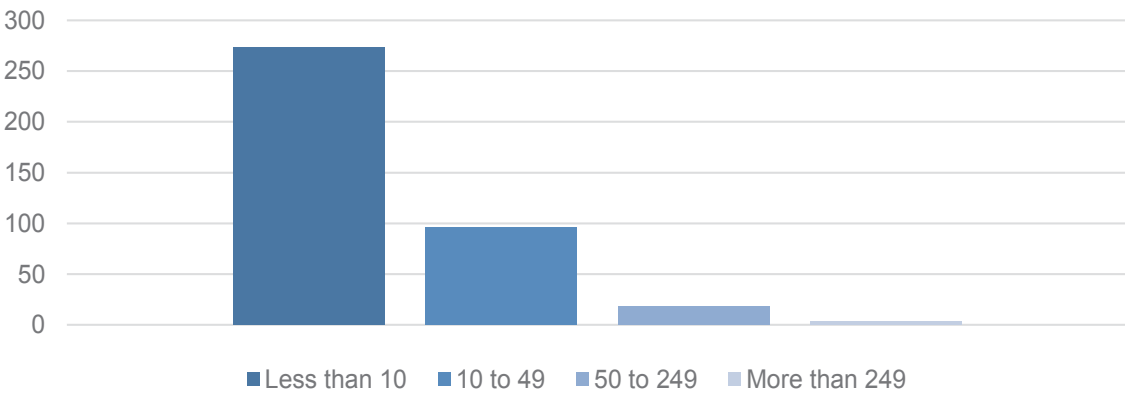
Sectors of activity



However, manufacturing appears to be the third sector in which women entrepreneurs are engaged (17 percent), while activities in agriculture ranges last with only eight percent of the businesses led by respondents.

This concentration of women-led businesses in services and handcraft explains that 70 percent of the respondents declared less than ten persons employed, which defines them as micro enterprises according to the European classification of SMEs. Twenty-four percent declared to employ between ten to 49 persons, 4.6 percent between 50 and 249, and 0.8 percent more than 249.

Business size



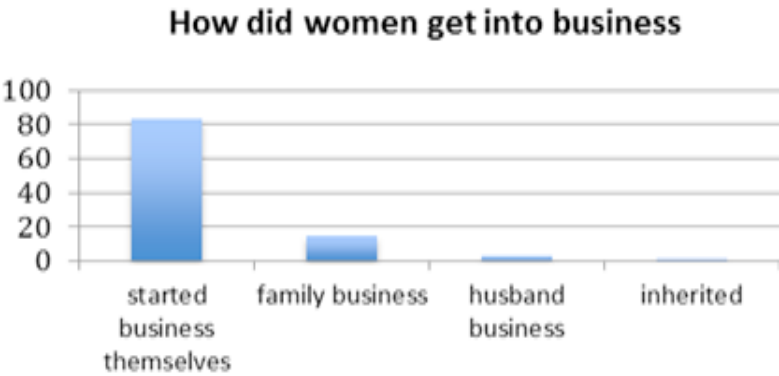
The survey also reveals that the share of women employees in women-led businesses (51 percent) is well above their labour force participation rate, which is, on average, around 25 percent in the MENA region.

Finally, in terms of internationalization, 57 percent of women-led businesses surveyed do not export and only 7.5 percent of respondents reported to have foreign associates.

2. Entrepreneurship is a choice

Based on the data collected, it appears that engaging in entrepreneurship comes as a result of the strong willingness of women to be self-starters, to initiate their own business, as well as seeking a good work-life balance. Business is seen as an opportunity rather than a constraint to a good family life even if financial insecurity can be along the way.

A preliminary analysis of the survey results shows that entrepreneurship is a choice; women take their own initiative in starting their business. Data from the survey reveals that 83 percent of the respondents started their businesses themselves, compared to 15 percent who took on family businesses. Less than one percent inherited a business, and over three percent mentioned they worked for their husband’s business.



Self-achievement is the first cited reason as why women started their business (cited by 51.4 percent of respondents) followed by the *conviction they had the right skills* (cited by 49.5 percent) and the *opportunity* (47.7 percent).

Cited reasons for starting a business (by number of respondents)

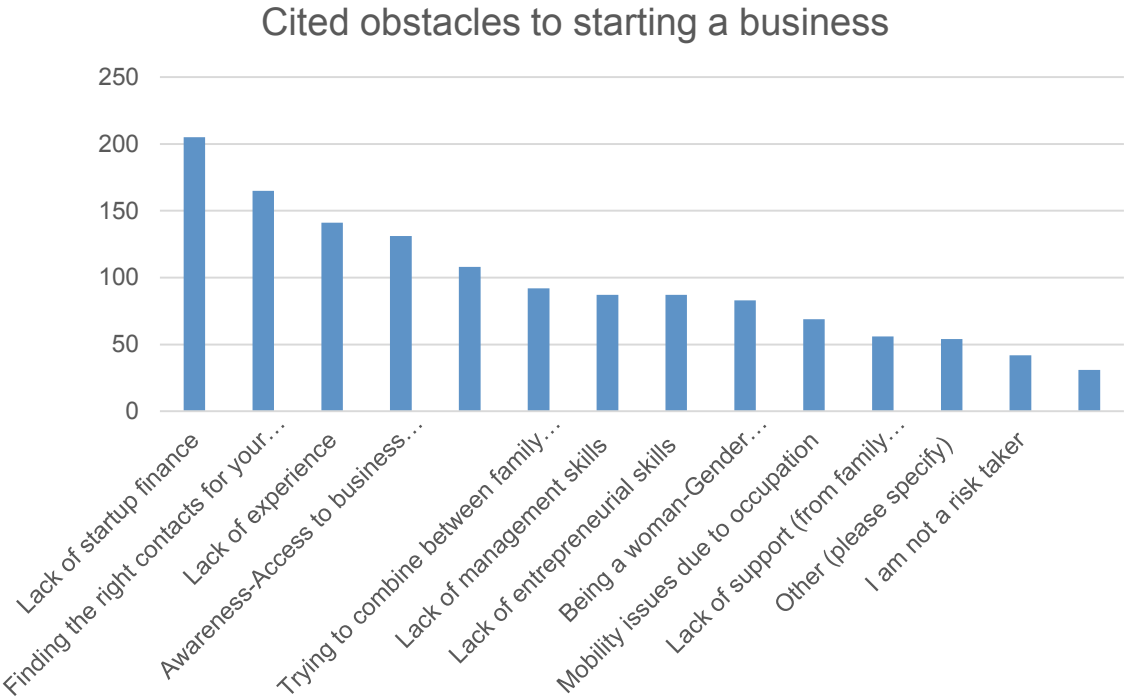


Further, women appear determined in their entrepreneurship career choice. Despite the fact that entrepreneurship can go along with financial insecurity with nearly 60 percent of respondents declaring they do not pay themselves a regular salary, three of four respondents declared that they would not want to have another job (in public or private sector).

In addition, 90 percent of respondents declared being very or somewhat optimistic about the development of the business. Even recognizing difficulties in the general economic environment, a majority of respondents stated they intend to invest (42 percent), hire (50 percent) and expand market on national (50 percent) and international (40 percent) levels in the coming months.

3. Major challenges for women entrepreneurship development: Access to finance and access to markets

Access to finance is a recurrent issue for women entrepreneurs whether nascent or already established. The survey reveals that the main challenges for nascent women entrepreneurs creating their business are the *lack of start-up finance* (cited by 50.4 percent of respondents), followed by *finding the right contact for a business venture* (cited by 41.4 percent), *lack of experience* (cited by 36 percent), and *access to business support* (cited by 33.8 percent).



For one out of two women, access to start-up capital is made difficult by the lack of collaterals and assets (e.g. being the owner of the premises). This can explain that although a woman is a self-starter entrepreneur, only a small percentage of women are the sole owner of their business, while the majority share it with other family members. The survey reveals in fact that around 35 percent are sole owners of their business, around 47 percent of the respondents have joint ownership with family members, compared to around 19 percent with institutions, and around seven percent have foreign investors as joint ownership.

The results of the survey also showed that over 46 percent of the respondents stated that they rent the premises, compared to around 29 percent who said they owned it. Almost 22 percent said they work from home and just over two percent co-rent.

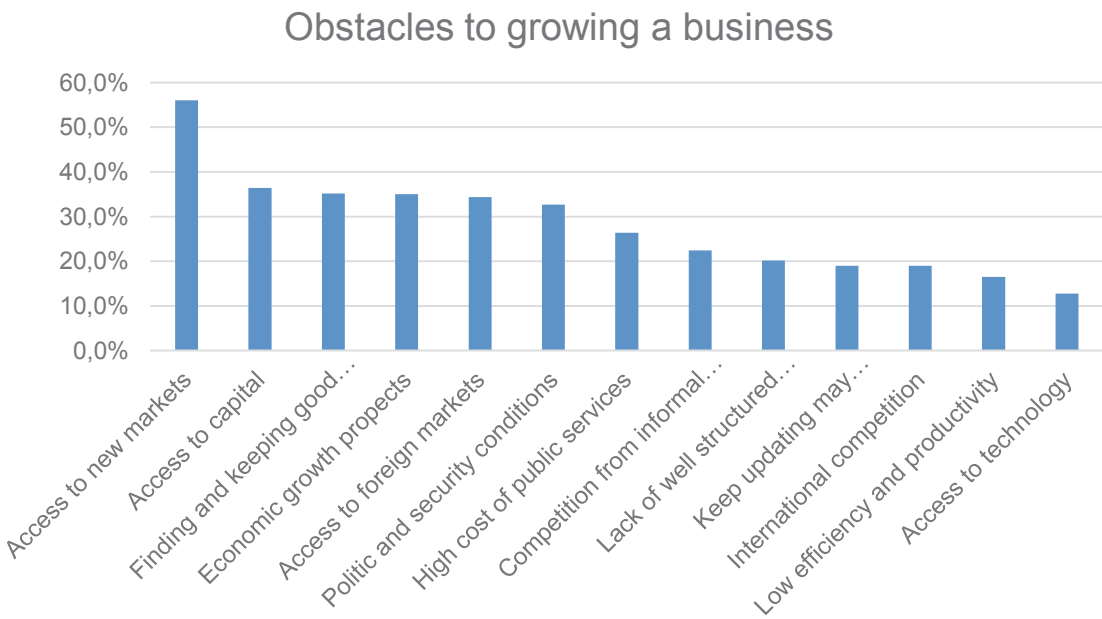
For women already in business, access to finance remains a challenge: 36.7 percent of the women entrepreneurs surveyed mentioned it as a major constraint in managing their business. As a consequence, the survey also reveals that self-financing is privileged by women: 58 percent of surveyed women reported to have used or intend to use personal sources of financing (own savings or from friends and family), 54 percent reported to have used or intend to use earnings of their business and 42 percent declared to have used or intend to use commercial bank loans. In contrast, 25 percent of respondents said that they never even tried to get a loan from banks.

In this regard, the survey revealed that 50 percent of surveyed women entrepreneurs thought their banks lacked the adequate programmes or products specifically targeted for their businesses. However, if 67 percent of respondents agreed that they did not feel discriminated in banks because of a gender issue, one out of three women entrepreneurs believes that it is still more difficult for women entrepreneurs to access loans than men. This is due to: *complicated procedures* (20 percent), *collateral issues* (23 percent), the fact that women are *not taken seriously* (13 percent), and *lack of efficient human resources* (six percent).

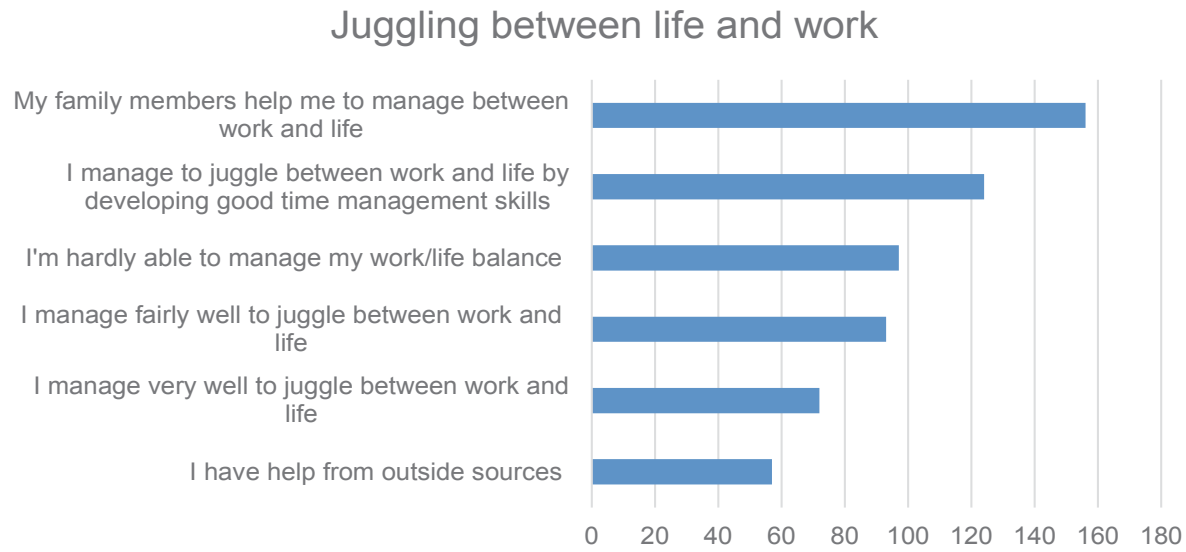
Aside from access to finance, **access to markets** appears to be the other main challenge faced by women entrepreneurs, in particular for those intending to grow their business: around 56 percent of respondents

mentioned access to new markets as a main challenge, followed by access to capital. As a consequence, the need for information/training on how to access new markets ranges first in women entrepreneurs capacities development formulated needs.

As for other obstacles, 35 percent mentioned finding and keeping good employees; 35 percent mentioned economic growth prospects in the country; 33 percent mentioned political and security conditions; 27 percent mentioned high cost of public services; 20 percent mentioned lack of well-structured business model; 19 percent mentioned competition from other countries; 22 percent mentioned competition from the informal sector; and 13 percent mentioned that getting access to technology was the major obstacle.



Family support can range from moral support, to child and household care as well as finance (as already previously mentioned). This support is often essential to help women balance their time between their various responsibilities. 26.6 percent of surveyed women dedicate in fact more than 50 hours per week to managing their business while 58.3 spend 30 to 50 hours to it. Family support helps 39 percent of surveyed women to find this balance. 18 percent of respondents declared to perfectly manage work and family life, while 25 percent said they could hardly manage to reconcile both. In addition, 31 percent respondents mentioned that they manage to juggle between work and life by developing management skills.



However, at the household level, a majority of the surveyed women declared that *running a business had a positive* and even a *very positive impact on the family*. Around 51 percent of the respondents stated that their business had a *positive impact on their families*, compared to almost 28 percent who considered their business to have a *very positive impact on their family's life*. Only six percent stated that it negatively affected their family life compared to less than 2 percent who consider their business to have affected their family life very negatively.

Besides their private supportive system, women also resort to “external” support providers but to lesser extent: Business Development Services providers (whether private or public) as well as Associations and networks who support women in their aspirations and entrepreneurial activities.

Based on the survey results, women seem to generally resort to BDS following a segmented approach. Among those having benefitted from business development services, around 59 percent received business advice (e.g. legal, financial, and taxation), around 53 percent received management training, 44 percent received leadership training, 35 percent received training on how to build a team structure, 35 percent on financial training, 31 percent technical training and 32 percent on market information. Around 45 percent have a mentor or someone who offers business advice. Most respondents from the six countries believe that support provided for both female and male entrepreneurs to start their business is equal indicating that *business-operating environment is not in itself systematically gendered*, yet women's weaker status and their minor legal status in other areas of the law affects their ability to run a business.

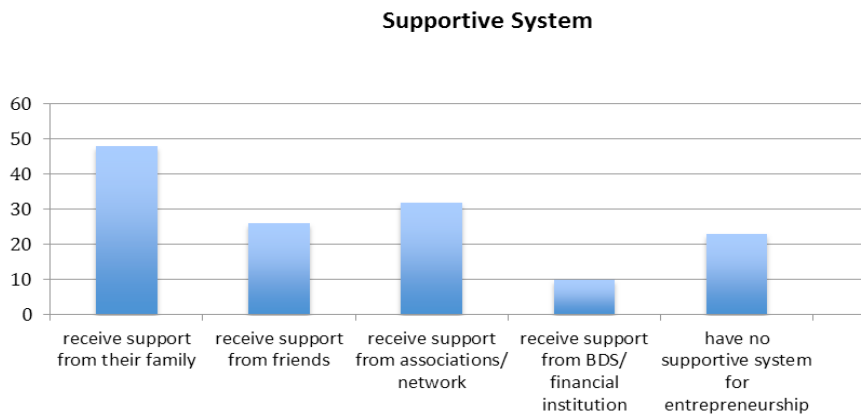
In addition, the survey reveals that *networking is perceived as very important* for women entrepreneurs, who however think that *they have less time for it than men*. In particular, women think that it is more challenging for them to network and build informal business relationships than it is for men. Moreover, 42 percent of interrogated women considered *exclusion from informal networks as a major barrier* holding back women from entrepreneurship.

Further support from the business environment stakeholders, governments, BDS, Associations, Financial institutions, etc., can help to facilitate the development of women entrepreneurship. The survey reveals that women entrepreneurs are in *need of information and training* on how to access markets, financial training and facilitation services to access finance. More managerial and business development training is needed. BDS programmes need to be made more accessible and integrated with access to finance strategies for women.

4. Women entrepreneurs mostly resort to their private environment for support

Women in the surveyed countries, largely rely on their private environment (family and to lesser extent friends) to support them in their entrepreneurship career choice.

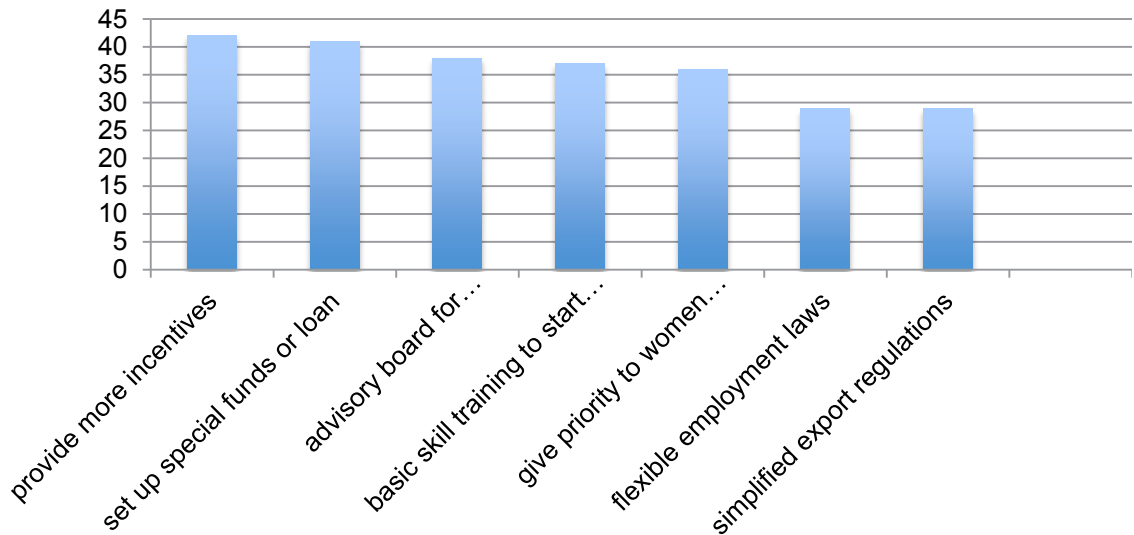
Nearly 50 percent of respondents declared that their family is the strongest supportive system for entrepreneurship. Only nine percent of respondents reported to have received support from Business Development Services (BDS) or financial institutions, while 32 percent reported support from networks and associations. The latter figure however has to be interpreted with care because, as already mentioned, the survey has been largely carried out among members of business associations. Finally, 23 percent of surveyed women declared they are not supported at all.



From the survey also emerged that the role of *government and the country regulations* are key for women entrepreneurs to take off. To the question “*Do you think that the present business policy environment discriminates against women business owners?*” 35 percent responded, “No”, 22 percent said, “Yes”, while 43 percent had no opinion. However, women still have expectations with regard to how the governments could facilitate entrepreneurship.

The results of the survey (as shown in the below graph) show that women expect from government measures targeting specifically women: around 42 percent of respondents believe that, in order to support more women in growing their businesses, *governments should provide more incentives* for women owned SMEs (e.g. tax incentives); and a similar 41 percent believe that government should set up *special loan funds or loan guarantee schemes* for small businesses. Over 38 percent would like the government to establish a special advisory board for women entrepreneurs and 36 percent believe that women business owners should be given priority/preferential points in governmental procurement biddings. Other expected measures are not gender oriented: almost 37 percent believe that the government should provide basic business skills training to new and prospective business owners; 29 percent believe that employment laws should be changed to increase business flexibility for hiring employees or replacing them; 29 percent believe that export laws and regulations must be simplified, and 28 percent believe that government must establish goals for purchasing goods and services from SMEs.

Government supportive role

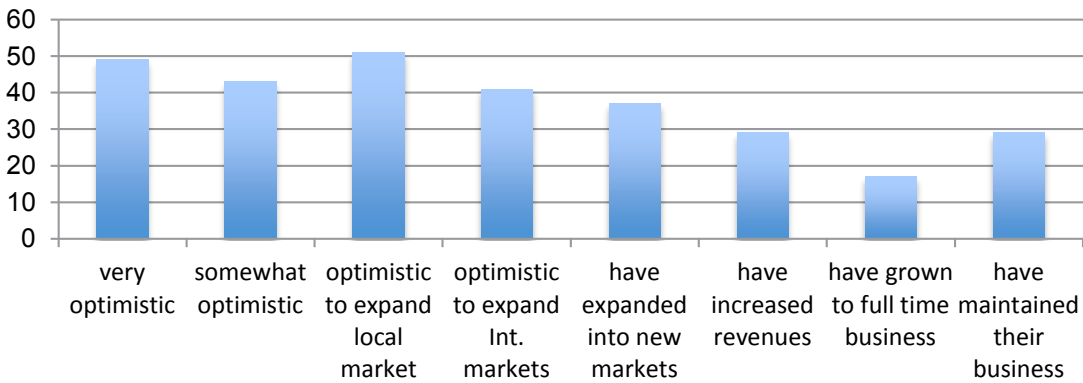


5. Despite the obstacles, women entrepreneurs are optimistic

Despite the challenges described above, the perception of women regarding their business and growth is optimistic. In fact, around 49 percent of surveyed women entrepreneurs stated that they were *very optimistic for the growth and development of their business* over the next two years, and around 43 percent mentioned that they are somewhat optimistic.

Around 51 percent of respondents believe that they will expand into new local markets in the coming year and 41 percent believe they will expand into international markets.

Optimism, growth and new markets



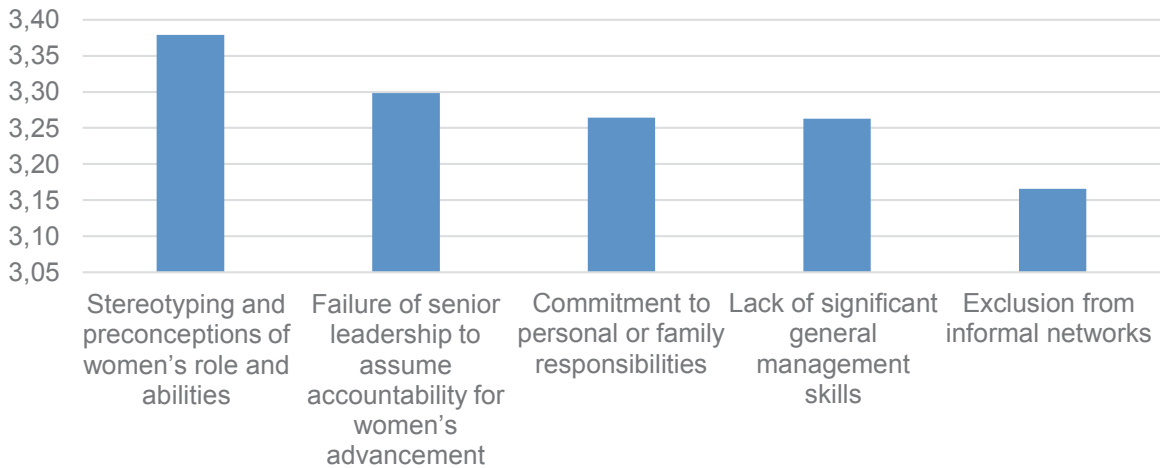
Optimism and outlook for business growth and expanding into new markets seems related to the performances achieved in the recent years: in fact, during the past two years, around 37 percent of the respondents expanded into new markets; 29 percent increased revenues/ employment; 17 percent grew from a part-time venture to a full-time business; and 29 percent maintained their full-time business at its present size and level of activity.

6. Collective norms still weigh on women entrepreneurship development

When asked to rank by order of importance five barriers holding back women from entrepreneurship, 26 percent of surveyed entrepreneurs ranked first “Stereotyping and preconceptions of women’s role abilities” while 23.6 percent ranked first “Commitment to personal or family responsibilities”. This indicates that for nearly half of the respondents, preconceptions and collective norms which expect women to “shoulder the brunt” of household responsibilities, are still weighing on female entrepreneurship. Other well ranked reasons are “*Failure of senior leadership to assume accountability for women’s advancement*” and “*Lack of significant general management skills*”.

When looking at the average score, the five main barriers appear to be in order as per below graph:

What is holding back women



D. Findings from the desk review

Today, women own and manage 31 to 38 percent of all businesses across all regions, except the MENA countries, where they make up around 13 percent (ILO 2015) to 15 percent (WB 2013⁴) of those who are self-employed. The region registers the largest gender gap in entrepreneurship in the world (OECD 2014).

There are similar institutional and procedural constraints that both male and female entrepreneurs face in the business environment such as: corruption, transportation, licenses and permits. Other impediments affect women more than men. In Egypt for example, female-owned firms are more likely to perceive access to land and electricity as constraints. They report a yearly average of 40 percent more power interruptions and losses of sales caused by power outages or surges from the public grid. They also report greater legal constraints than male-owned firms, with an average of eight months longer to resolve disputes over overdue payments. Women-owned firms report higher losses as a result of these problems (seven percent of total sales compared to five percent for male-owned firms) (Word Bank 2007).

Women business owners also face social constraints related to family responsibilities. As in most countries, women are the main caregivers in all of the six countries, and spend more time on household activities, reducing the number of hours they can allocate to productive and income-generating activities. This situation is especially pronounced in societies where there is a lack of good-quality social services, such as childcare centres.

Women entrepreneurs in many of the countries are further constrained by mobility issues. As a result of cultural norms and traditions, some women are prevented from traveling alone, which limits their effectiveness as entrepreneurs.

1. Main challenges for women entrepreneurs starting up, managing and growing a business in MENA:

Women entrepreneurs in general face problems in gathering start-up capital through traditional banks because of conservative lending policies and a degree of unfamiliarity or outright distrust between bankers and female entrepreneurs. Loan officers may be unfamiliar with the types of businesses women may want to establish, for example. To exacerbate this, women with household responsibilities may generally have less time to engage in banking and other business-related transactions (GSDRC 2013).

A survey of five MENA countries (Bahrain, Jordan, Lebanon, Tunisia and UAE) undertaken by the International Finance Corporation demonstrates the effects that limited access to finance has on women's entrepreneurship in the region (IFC 2007). This multi-country survey found that between half and three-quarters of women who had sought external financing for their businesses had not received any financing from a formal financial institution. This was attributed to a combination of difficulties with high interest rates, lack of collaterals, lack of track record, and complicated application processes. For example, in Lebanon, only 17 percent of women business owners surveyed were granted finance, out of 51 percent who had applied. In Tunisia, high interest rates were reported to be a significant barrier to women seeking financing. The study found that in the absence of formal finance, most female entrepreneurs were instead relying on private sources (savings, family and friends) to finance their business. This was considered likely to hinder the long-term growth potential of these businesses (GSDRC 2013).

Women are less likely to know an entrepreneur or to have a role model in their social network. This is true of entrepreneurs across different stages of development: discovery, start-up, and young enterprise stage. This means that exposing women to more entrepreneurs is likely an important part of encouraging more women to becoming entrepreneurs⁵.

Several important initiatives have been established to assist women in starting up their business. One of these initiatives is funded by the MEPI (Middle East Partnership Initiative), in partnership with the Business Women Forum (BWF).

For a business environment to be conducive for female entrepreneurship development, the following should be included⁶:

- Support Mechanisms: (Mentors/advisors; Professional services; Incubators/accelerator; and Networks)
- Funding and Finance: (Friends and family; Private equity; Venture capital; Angel investors)
- Human Capital/Workforce Availability: (Technical and management talent; Entrepreneurial experience; Outsourcing availability)
- Regulatory Framework and Infrastructure: (Tax incentives; Ease of business establishment/registration; Business friendly policies; Access to basic infrastructure)
- Culture: (Tolerance of risk and failure; Preference for self-employment)
- Success stories; (Celebration of innovation)
- Market: (domestic, international)
- Education and Training: (university education, executive training).

In terms of communication with bank staff in particular, a survey conducted by Vital voices and AFAEMME⁷ in eight countries of the MENA region (Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia) revealed that 64 percent of women favoured a bank with a relationship rather than transactional orientation in their business approach. Another clear majority of respondents – up to 67 percent – claimed that they wished their bank would contact them more often to enquire about their businesses and adapt their services to their demands.

The majority of business owners – 68 percent – agreed that bank staff members lacked adequate experience and knowledge to effectively handle SMEs' customers. Additionally, up to 70 percent of respondents agreed that, to varying degrees, bank-lending conditions were prohibitive for them⁸.

The same survey points out that most of the Banks in the countries targeted (Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia) did not seem to view women-led businesses as a market with specific needs, although some reported their intention to develop targeted services and products for women business owners in the near future. Therefore, very few banks have annual targets to increase financing to women entrepreneurs. Women-led businesses represent less than ten percent of banks' loan portfolios, and when banks make financing decisions, they regard credit history, collaterals and business experience as the most important factors. This is why banks usually exclude projects initiated or led by women entrepreneurs given their limited use of formal bank accounts, their reduced access to collaterals and their reduced amount of formal work experience.

Women's share in bank loans does not seem to be lower than that of men because a majority of bank loans in the survey come from special banks that run programmes targeting the financing of new ventures and micro and small enterprises. These banks usually extend credit without asking for collateral, which may prove to be of greater use for women than men who usually have better access to assets. This may stand as evidence that females have less access to assets that can be used to self-finance their business than males.

Based on the review of existing research, it is possible to say that access to finance is the main obstacle that women face when starting a business and that too many women still perceive bankers to be less likely to be cooperative when they are treating a woman's request for a loan, either to start a new business or to expand an existing one. Improving women's skills to become 'bank ready' and better meet banks' expectations, and to be able to present their projects in a convincing manner, will enhance the demand side of bank credit.

4. The World Bank carried out a survey on 5,887 firms in 10 MENA countries between 2003 and 2010. The finding concluded that only 15 percent of the firms were female-owned.

5. www.dailynewsegypt.com/2013/11/25/will-women-rise-up-as-egypts-entrepreneurs/

6. World Economic Forum 2012

7. Women's finance in the MENA Region; Vital Voices Global Partnership & AFAEMME

8. Banks have a different perspective on the difficulties, and justify their high interest rates on different facts:

SME's, or a majority of them, do not prepare coherent and structured business plans with a 3,6 or 10 year horizon - Some of the SME's lack tracking of financial records such as balance sheets or audits.

2. Women access to business services, market and information

The frameworks and tools needed to support business creation remain inadequate in the MENA region in general, but even more so for women. Women entrepreneurs confront specific obstacles and constraints that stem from both the demand side, i.e. the use of finance and Business Development Services (BDS)⁹, and the supply side, i.e. bank lending practices and the range of BDS and incubators available. Services are very limited, not only because the overall weak business support infrastructures, but also because the services that are available are often not tailored for women entrepreneurs, and because they are not aware of the availability and importance of such services. Moreover, women entrepreneurs in the MENA region limit themselves to ‘traditionally female’ areas where barriers to entry may be low, but where there are limited opportunities for competitive advantage, as well as limited prior experience in starting and running a business. In addition, there may be a lower level of education, especially in rural areas. Often, women need flexible training schedules for family reasons which is often not provided by the existing BDS. A number of BDS organizations stress lack of funding as an issue preventing them from developing women-focused programmes. (World Bank, 2014).

Business development services are critical for the development of companies of all sizes, and access to those services is key to all entrepreneurs, including women entrepreneurs. BDSs range from common facilities (photocopying, reception and telephone services) to more technical services (bookkeeping, IT support), skills development (training and coaching) and strategic assistance (advice and consulting) (EC and OECD, 2008). They may also include legal and accounting services.

The provision of BDS services is most developed in Tunisia where there are intensive public networks of entrepreneurship development centres, SME support offices, technology development centres, and employment bureaus offering advice, counselling and information to new entrepreneurs and existing SMEs. In other countries, where support mechanisms are less invested in by the public sector, these BDS are often offered by women associations.

Services to women entrepreneurs could be further extended through public or private sector providers and should be adapted to the type, size, growth speed, sector and location (rural or urban) of a company. BDS should be linked with market promotion and financial support services. Improved data collection and coordination among government and businesses, using new technology, could further ensure services are better adapted to different types of businesses.¹⁰

Business incubators are a form of BDS that has become increasingly popular over the last decade based on their demonstrated ability to positively influence entrepreneurial success. Incubated firms are stated to have higher survival rates than the national average and may grow faster than non-incubated firms due to the support they receive, and the clustering and networking provided by their advisors. Hence, the development of business incubators may be a suitable way of improving enterprise support to women-led businesses in the MENA region¹¹.

3. Access to networks

Women business owners in the MENA region lack the necessary network diversity that is critical for the success of entrepreneurial initiatives. They do not have adequate connections for credible introductions to industry associations, chambers of commerce and other key business networks. Consequently, women entrepreneurs tend to be at a disadvantage in terms of getting the resources, information and advice needed to succeed, and money alone does not solve this issue (IFC, 2012; OECD, 2012).

Such networks could assist women to enter into legal transactions, organizing supply chains, or effectively marketing their businesses (ibid). Lack of access to information via the Internet is also a barrier to women running or growing their own businesses. Research shows that women in the Arab world use social media less

than men (Dubai School of Government, 2011). This is partly attributable to environmental factors, including social and cultural barriers to women using the Internet, but also personal factors, including IT literacy and confidence in ICT privacy.

Female entrepreneurs in the MENA region have largely been operating in the retail, service, and education sectors, however, they need to broaden their horizon to contribute to the society at large. Having access to business networks and contacts are of great support here. A networking group of like-minded women is beneficial for several reasons, including inspiration, motivation, learning from each other’s experiences, and willingness to support each other. Several countries have taken a step in this direction.

Local business clubs have also been of great benefit for networking especially in areas where vulnerable groups of women reside. Among others, the responsibilities of business clubs include providing a suitable venue and environment that enables women to meet and exchange expertise and discuss business, purchase goods at wholesale prices, and obtain support from qualified women who can train women entrepreneurs at their places of residence. Business clubs can lobby women at the communities to meet and take part in training courses and conduct advocacy campaigns, networking activities, and awareness raising activities.

4. Access to markets

MENA region governments have shown efforts to increase women access to markets and access to information on market opportunities. This includes the participation in the Gender Entrepreneurship Markets for Middle East and North Africa (GEM PEP-MENA), a regional technical assistance and advisory programme for women entrepreneurs, initiated by IFC’s Private Enterprise Partnership.

Access to markets represents a massive hurdle for women-owned businesses in North Africa, especially for those with significant growth potential aiming to leverage online opportunities. The need to effectively place products on local markets or to access more distant markets in many regions as in North Africa is not recognized as an issue where women need extensive support. In Tunisia, for example, women entrepreneurs are trying to overcome the challenges for selling their products or services online.

Several initiatives in the MENA region include the organization of comprehensive export programmes (e.g. Tunisian participation in the Access Program for Women Entrepreneurs in Africa or Women Export Club run by the Moroccan AFEM - Association des Femmes Chefs d’Entreprises du Maroc).

Therefore, in addition to information about market features and market opportunities, women should be assisted with higher market exposure, export readiness programmes, licensing and franchising programmes, development of business clusters and access to procurement opportunities. Ultimately, when implemented, all of these programmes lead to growth of existing women businesses but also to further integration in regional and global markets¹². Online marketing is increasingly seen as an option for many women entrepreneurs.

5. Cultural and social barriers

Although women’s participation in entrepreneurship is still limited, and many face social, legal and financial constraints, a previous survey conducted by CAWTAR and IFC in 2007, concluded that the self-perception of women entrepreneurs was positive. Women were becoming more independent, self-reliant and were optimistic about their business growth and the ability to open up to new ventures, markets and sectors despite the challenges described above.

Women were perceived as being very passionate about their business, which is a key factor to success, and increasingly accessing the male-dominated society. At the time, this was considered a big achievement, albeit slow in terms of social empowerment accompanying the economic empowerment of women.

9. Evidence from other regions show that BDS targeted at women have been effective in increasing access to support for starting and growing their business. BDS are critical for creating and developing companies. They provide assistance to entrepreneurs and existing business owners to obtain key economic, regulatory and market information to make informed decisions when establishing or running a business.

10. The G8-Deauville Partnership with Arab Countries in Transition

Chair’s Summary of the meeting on

“Supporting Open Economies and Inclusive Growth - Women’s Role in Arab Countries”

11. Recommendation from the OECD-MENA WBF meeting, March 2012

12. Džindo, Dajana (2015), Women’s Entrepreneurship in North Africa: Looking into the Western Balkans’ Experience; a new paradigm: perspectives on the changing Mediterranean

6. Regulations and laws

There are several legal, regulatory, and other constraints that women face in the business environment as entrepreneurs. Among the first constraints is the early start-up stage of an entrepreneurial activity.

Men are much more likely than women to be involved in early-stage entrepreneurial activity. This is due to the fact that at the start-up stage, women's businesses tend to be under-capitalized relatively to their male counterparts; they are less likely to want to access external finance generally and equity finance in particular; and they may experience gender-specific obstacles that create a perception that accessing finance is a barrier. The differences also exist between the perceptions and attitudes of men and women. Although men and women are about equally likely to see good opportunities for starting a business, women are much less likely to be perceived as having the knowledge, skills, and experience required, and are much more likely to report that fear of failure would prevent them from starting a business. This suggests a much lower level of confidence among women. Women are also less likely to know other people who started a business in the past two years within their social networks, all placing women at an entrepreneurial disadvantage.

In addition to the difficult procedures in general of starting and closing a business in the MENA region¹³, gendered laws outside the business sector and other elements of the legal framework can lead to gendered implementation of laws, which can disadvantage women entrepreneurs and female-owned firms. These obstacles make starting formal businesses more difficult for women, directly by creating additional barriers and indirectly by raising the costs and uncertainty of resolving conflicts and enforcing contracts. Such costs and uncertainty can affect the initial decision to pursue entrepreneurship in the formal sector.

Many governments in the MENA region have taken action to create a better regulatory environment and to smooth the process of starting a business in stages, and often as part of a larger regulatory reform programme (Doing Business MENA, 2010). Reformers focused on easing business start-up, lightening tax burdens, simplifying import and export regulations and improving credit information systems. The MENA region continued its upward trend with 27 reforms in two-thirds of the region's economies, moving from the third fastest reforming region in 2008 to the second fastest reforming region in 2009. Most reforms took place in the following areas: starting a business, registering property dealing with licenses, getting credit information, trading cross borders, paying taxes and protecting investors (Doing Business in the Arab World, 2009).

Though restrictions remain in the MENA Region, and most countries have at least one legal differentiation in both accessing institutions and using property¹⁴, some constraints to equality have been removed in most laws.

13. Procedures required for starting a business is higher in the Middle East than elsewhere, even if the time required is lower, and closing a business is quite difficult in the Middle East, on average it takes three years to close a business, and the recovery rate on initial capital is 30 percent.

14. Women, Business and the Law 2014: Removing Restriction to Enhance Gender Equality - World Bank - IFC

E. Discussion points

Based on the first and second source data collected, the current discussion paper highlights some of the main findings that can be drawn from existing research on women entrepreneurship development in the MENA region and from the survey, in order to further stimulate the analysis and draw attention of key policymakers on the subject.

The survey in particular highlights **five main issues** for women entrepreneurship development that need to be considered:

- 1) Preconceptions and stereotypes still shape women's role and identity in MENA societies.
- 2) Women entrepreneurs need further access to networks, information, technology, sharing of experience and additional skills.
- 3) Women's access to finance remains a major challenge hampering not only the creation of businesses but also their expansion.
- 4) Women entrepreneurs' supportive system is still mostly limited to family and friends: Law regulation and institutional support needs to be more gender sensitive and reach out women.
- 5) Women businesses are generally small and concentrated in the handcraft and services sectors

For each issue, observations, considerations and ideas to identify potential solutions are described below:

1. Preconceptions and stereotypes still shape women's role and identity in MENA societies

Changing the way society perceives women, and in particular women entrepreneurs, is critical to develop women entrepreneurship and their businesses. Although it requires long-term objectives and commitments, it is important to highlight that still, gender roles and gender biases play a role in shaping women's identity, self-confidence, leadership and other aspects that determine the profile (and the success) of a women entrepreneur.

There is anecdotal evidence that cultural beliefs about gender and entrepreneurship have consequences for women. Gender stereotypes may systematically disadvantage women entrepreneurs to the extent that cultural beliefs about gender roles might impact men and women in the initial decision-making process of choosing to start a business in the first place.

These reasons, although apparently less "tangible" than others, represent concrete issues that women face: shared cultural beliefs in the MENA region about gender roles that prescribe different expectations of competence for women and men in the area of entrepreneurship, have large implications for women's career choices and life.

These observations lead to some conceptual questions: Does gender stereotypes break female entrepreneurship? Is the smaller number of women in business due to their level of education or number of children, or even due to the economy or the national character? Or both? If the break is related to gender stereotypes, which actions can be taken to change the image of women? What should be done to sensitize the society and change the social mind-set to perceive women as key actors in the business sector? What should be done to change the image of the business sector as a traditionally male-dominated area and make it more gender balance and inclusive?

In order to improve the image of women entrepreneurs in the society and change the mind set toward a business sector that is more inclusive, actions that cut across all levels of the society are needed. Dedicated interventions should involve individuals, groups and family, as well as institutions.

- First, in order to break stereotypes and create awareness at a social level, involvement of both men and women in awareness creation processes is crucial, keeping a strong focus on sensitization of men, on one hand, coupled with coaching and training to enhance women leadership, on the other. Investing in women's leadership (for both youth and adult women) is key to improve their capacity, confidence and therefore their pro-active role and participation in a sector that traditionally is not perceived as a women domain.
- Furthermore, in order to have a more enabling environment for women, entrepreneurship, business sector should not be seen as a male-dominant activity, but as an opportunity for both. This may also require support from media and a strong communication strategy to help shape the image of the

business sector as a more gender sensitive place that creates room for women's opportunities.

- To support women's empowerment, especially young girls, and support their choices toward investing in entrepreneurial activities, education has a crucial role: strengthening education toward business for women from an early age, by enhancing skills, is key and it should involve institutions from the beginning stages. From schools to universities and training centres, these institutions can play a relevant role in young girls' skills enhancement, capacity building and opportunities for their career development.

2. Women entrepreneurs need access to networks, information, technology, sharing of experience and additional skills.

- Over the past years, there have been many initiatives and efforts invested in developing women's networks in the MENA region. Unfortunately, most of these initiatives were not sustainable due to lack of time and skills needed to manage these networks. Between balancing women entrepreneurs' dedicated time to family and business, there also needs to be time to network and share experience. There is a need to identify practical and viable solutions for women to free up time for these activities.
- Training to build women's managerial skills, coaching. Incubators, which are important vehicles for business support services, business mentoring and coaching, are integral means to support the creation and growth of women-owned firms. The role of women associations in this regard is major, and should be expanded to reach out to women in the rural regions. Furthermore, there is a need to focus not only on individuals, but also on women as groups and educate them toward collective action. This is especially true in a competitive marketplace.
- Women business owners lack equal access to training, but also access and use of technology, which is leading to gender-based barriers in business growth, and the need to effectively leverage technology in order to facilitate the growth of women-owned businesses. Training and individual technical assistance are considered by the respondents to be the most common and direct recommendations to meet this need.

3. Women's access to finance remains a major challenge hampering not only the creation of businesses but also their expansion

- Improving women's skills to become 'bank ready' by better meeting banks' expectations, and to be able to present their projects in a convincing manner, would enhance the demand side of bank credit.
- Based on both the survey results and existing researches on the subject, it appears that access to finance is crucial for women entrepreneurship development, and the following can be suggested to improve it:
- Reinforcing women entrepreneurs' financial literacy.
- Increasing the coordination and dialogue between financial institutions, women associations and other BDS providers.
- Creating targeted funding mechanisms for women and implement specific programmes adapted to the demand of women entrepreneurs particularly in rural areas (taking into account seasonal activities and suggesting flexible refunding).
- Develop gender sensitivity of staff and human resources dealing with women business owners.
- Facilitate the migration from microfinance to classic banking by offering targeted BDS to women willing to grow their businesses, and by including microfinance into credit history.

4. Women entrepreneurs' supportive system is still mostly limited to family and friends

The general environment needs to be supportive beyond one's circle of family and friends. In this regard, **law, regulations and institutional support** could be **more gender sensitive** by:

- Supporting governments in their compliance with international conventions, covenants and laws that call for more gender equality, and ensure that those principles are also embedded into the specific national laws/regulations and reflected in specific actions that can make policies and procedures more gender sensitive at the national level.
- Ensuring that existing and new policies are sufficiently resourced, better coordinating women's entrepreneurship policies across ministries, and giving women's associations a stronger voice in the public-private dialogue.
- The process of gender empowerment should comprise an efficient strategy that aims to sensitize men to change their mentality and their behaviour, and thus change social relations between men and women.
- Integrating a developed access to childcare and other facilities into national policies in the MENA region to help ease the burden of women entrepreneurs that find difficulties in managing a work-life balance, especially those who cannot rely on their family support system.

5. Women businesses are generally small and concentrated in handcraft and services

As confirmed by the survey, most of women-led businesses in the MENA region employ less than ten employees and are concentrated in the handcraft and services sectors. Although it can be dynamic, the SME sector is often marked by out-dated and inefficient practices and technologies. As a result, small enterprises tend to operate far below their productive capacity. Improving their efficiency and introducing new techniques could therefore yield large returns to women and the economy in general in terms of income and job creation.

There is thus a need to support women enterprise growth, as well as diversify into other sectors. Women's contribution in manufacturing should be facilitated. Industrialization is an effective poverty reduction strategy, mostly because of the great potential of manufacturing industries to absorb large numbers of workers, and therefore to reduce unemployment and increase the prosperity of their families and communities.

In order to enhance women's opportunities in industry, both at business-creation and growth levels, it is proposed to:

- Facilitate access to know-how and technologies through trainings that aim to upgrade women's technological capabilities. Small-scale businesses often use inefficient low-cost technologies which yield products of poor quality, pose hazards to health and the environment and hamper competitiveness and access to markets.
- Enhance their entrepreneurial and business skills, in particular in the fields of marketing, business negotiations, strategy, human resources management, etc.
- Facilitate the establishment of business partnerships both at national and international levels. Business partnerships cannot only facilitate access to funding, but also facilitate access to markets.
- Encourage women-led business creation and growth in the manufacturing sector by facilitating access to finance and investments in new technologies through dedicated sectoral credit lines and incentives.



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