

معهد أبحاث السياسات الاقتصادية الفلسطيني (ماس)



Palestine Economic Policy Research Institute (MAS)

سياسات تطوير مشاركة المرأة في ريادة الأعمال في دولة فلسطين

Policies for Scaling Up Female Entrepreneurship in the State of Palestine

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The Palestine Economic Policy Research Institute (MAS)

Founded in Jerusalem in 1994 as an independent, non-profit institution to contribute to the policy-making process by conducting economic and social policy research. MAS is governed by a Board of Trustees consisting of prominent academics, businessmen and distinguished personalities from Palestine and the Arab Countries.

Mission

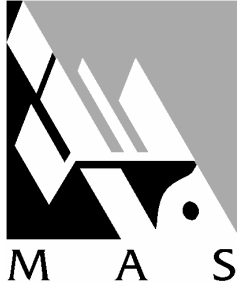
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Strategic Objectives

- ◆ Promoting knowledge-based policy formulation by conducting economic and social policy research in accordance with the expressed priorities and needs of decision-makers.
- ◆ Evaluating economic and social policies and their impact at different levels for correction and review of existing policies.
- ◆ Providing a forum for free, open and democratic public debate among all stakeholders on the socio-economic policy-making process.
- ◆ Disseminating up-to-date socio-economic information and research results.
- ◆ Providing technical support and expert advice to PNA bodies, the private sector, and NGOs to enhance their engagement and participation in policy formulation.
- ◆ Strengthening economic and social policy research capabilities and resources in Palestine.

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Foreword

In 2009, the Palestine Economic Policy Research Institute (MAS) started to focus on economic entrepreneurship, participating in the preparation of the Global Entrepreneurship Monitor Middle East and North Africa (GEM-MENA) Regional Report, and producing the first Global Entrepreneurship Monitor Palestine Country Report. Since then, the Institute has joined the Global Entrepreneurship Research Association (GERA), conducted two rounds (2010, 2012) of the GERA Adult Population Survey (APS) for Palestine in collaboration with the Palestine Central Bureau of Statistics, and executed the National Expert Survey (NES) among 36 Palestinian experts from various sectors in the same years. The surveys' results were analyzed in the GEM Palestine Country Reports for 2010 and 2012. These reports provided comprehensive, up-to-date, high-quality, and credible information, based on the accumulated international experience of more than 60 developed and developing countries in employing the survey's tools and methodology since 1999.

In 2013, MAS started an in-depth analysis of the most significant features revealed by the GEM Palestine Country Reports that it had published. The present study on female entrepreneurship in Palestine is the first such analysis, and it aims to address the issue of low female entrepreneurial rates in Palestine, in general and as compared to males, and also as compared with other Arab countries and internationally. In particular, the study attempts to identify the reasons behind the low female entrepreneurial rates and to propose solutions, benefiting from successful local and international experiences.

I would like to commend the research team on their efforts, which resulted in an important contribution to the literature on female entrepreneurship. I also thank the reviewers for their valuable comments and the discussants who participated in the conference hosted by the Institute within the Palestinian Entrepreneurship Week. Finally, on behalf of MAS, I extend my sincere thanks to the International Development Research Centre (IDRC) for supporting this study.

Nabeel Kassis, Ph.D.
Director General

Executive Summary

This study sheds light on female entrepreneurship in the Occupied Palestinian Territory (OPT) and explores the reasons behind its relative weakness as compared with male entrepreneurship. The ultimate objective of the paper is to propose effective policies to enhance female entrepreneurship as a feasible strategy to involve significant untapped human resources in contributing to growth of the Palestinian economy. An increased rate of entrepreneurial activities among women, who constitute half of society, will, create many new job opportunities, and translate into higher GDP. It will also serve achieving other desired outcomes concerning women and their families in particular and society in general in that it will positively impact women's social and political participation.

In order to achieve its objective, this study analyzed the data from the entrepreneurship surveys of 2011 and 2012, conducted by MAS in cooperation with Palestinian Central Bureau of Statistics, in addition to information collected through interviews with local experts in the two years. The study also compared indicators related to female entrepreneurship in the OPT to those in other countries, benefiting from previous research as well as the attempts at encouraging female entrepreneurship in various countries.

The study pointed out that female entrepreneurship in the OPT in 2012 fared amongst the worst countries in the world, ranking 58th out of 67 studied countries in early-stage entrepreneurial activity (i.e., which has been in operation for less than 42 months) and the second worst country in established-business female owners (i.e., which has been in operation for more than 42 months). In that year the average female early-stage entrepreneurial activity was 3.4% of all female adult population in the OPT, compared to 16% for all male adult population.

The study highlighted the main characteristics of female entrepreneurship in the OPT. Palestinian women in the northern and the southern parts of the West Bank are more active entrepreneurs than in the center. Female early-stage entrepreneurial activity was concentrated among young women (18-34 years of age), whereas female established-business owners were generally older (35-44 years of age). Regarding the educational level, the rate of entrepreneurial activity was highest among women with Diploma and Bachelor's degrees. The primary motive behind female entrepreneurial activities in 2012 was necessity, unlike male entrepreneurs who were

mainly driven by opportunity. Also, more than half of female entrepreneurial activities encompassed consumer-oriented activities (retail, social services, education and health activities), followed by manufacturing activities. Despite the low rate of female entrepreneurship in the OPT, the contribution of these activities to employment was impressive: female entrepreneurship employed 5.6% of the total Palestinian employed persons.

The paper also referred to the obstacles which Palestinian women face in starting their own businesses, including the political instability resulting from the long-standing Israeli occupation, the conservative perceptions and attitudes prevalent in Palestinian society regarding women's work, access to finance, lack of knowledge and skills, and the limited professions and businesses available for women. The study found out that the most important reasons driving women to close or to abandon management of their businesses were unprofitability and personal reasons (societal prejudices, male dominance, work and commitments at home, childcare, amongst others).

The paper concludes with four sets of recommendations for decision-makers in relevant sectors and agencies. Key recommendations include:

First, recommendations for governmental agencies:

- ✧ Enlist and mobilize pressures from all international organizations and human rights groups to curb measures by the Israeli occupation authorities which frustrate entrepreneurial activities in the OPT, especially such measures that increase the cost of business establishment and the risks for internal and external trade.
- ✧ Review of all economic legislations in force, with view to ensure the equality of women in all matters pertaining to their entry and running of all kinds of business activities.
- ✧ Prepare national plans and policies aimed at promoting female entrepreneurial activities.
- ✧ Develop and promote early-childhood care institutions to make childcare and economic participation compatible for working women.
- ✧ Modify the Palestinian Investment Promotion Law to include tax exemptions and incentives for micro- and small-enterprises.
- ✧ Formulate a comprehensive, long-term national strategy to enable and promote female economic participation, including self-employment.
- ✧ Provide assistance and support to female entrepreneurs through systematic, comprehensive governmental programs.

- ✧ Reform existing and develop new laws and legislations related to regulating credit and micro- finance institutions.
- ✧ Provide material and moral support for women's associations and civil society institutions which focus on the enhancement of female entrepreneurship.

Second, recommendations for educational and vocational training institutions:

- ✧ Reform the educational system to end discrimination and the negative image of vocational education and develop the educational curriculum to include entrepreneurial skills starting from basic education.
- ✧ Develop new educational and training programs for women to increase their choices for entrepreneurial activities.
- ✧ Develop a public-private partnership to link education and vocational training to the reality of up-to-date businesses

Third, recommendations for finance and credit institutions:

- ✧ Direct credit towards productive female-run projects and give them favorable treatment.
- ✧ Publish credit policies and instructions, interest rates, commissions and fees to build female borrowers' confidence in these institutions.
- ✧ Encourage credit institutions specialized in serving women to run training and capacity building programs for their borrowers in cooperation with institutions working in women empowerment in order to help them develop their managerial, technical, and risk mitigation skills.

Fourth, recommendations for women associations and private sector and civil society institutions:

- ✧ Run comprehensive campaigns and programs aiming at raising awareness of the necessity and importance of economic empowerment for women and their economic participation.
- ✧ Expand outreach to women from various segments and regions.
- ✧ Organize periodic trade fairs in various regions in order to market the products of female entrepreneurs.
- ✧ Provide experts and technicians in various sectors and fields to offer advice and information to female entrepreneurs.
- ✧ Promote productive women cooperatives to improve productivity and reduce the cost of procurement and marketing.