

Marginalisation, Discrimination & the Challenges of Women Entrepreneurs in MENA

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Women Entrepreneurs in MENA:
Successes, Challenges and Policies
Chicago Booth
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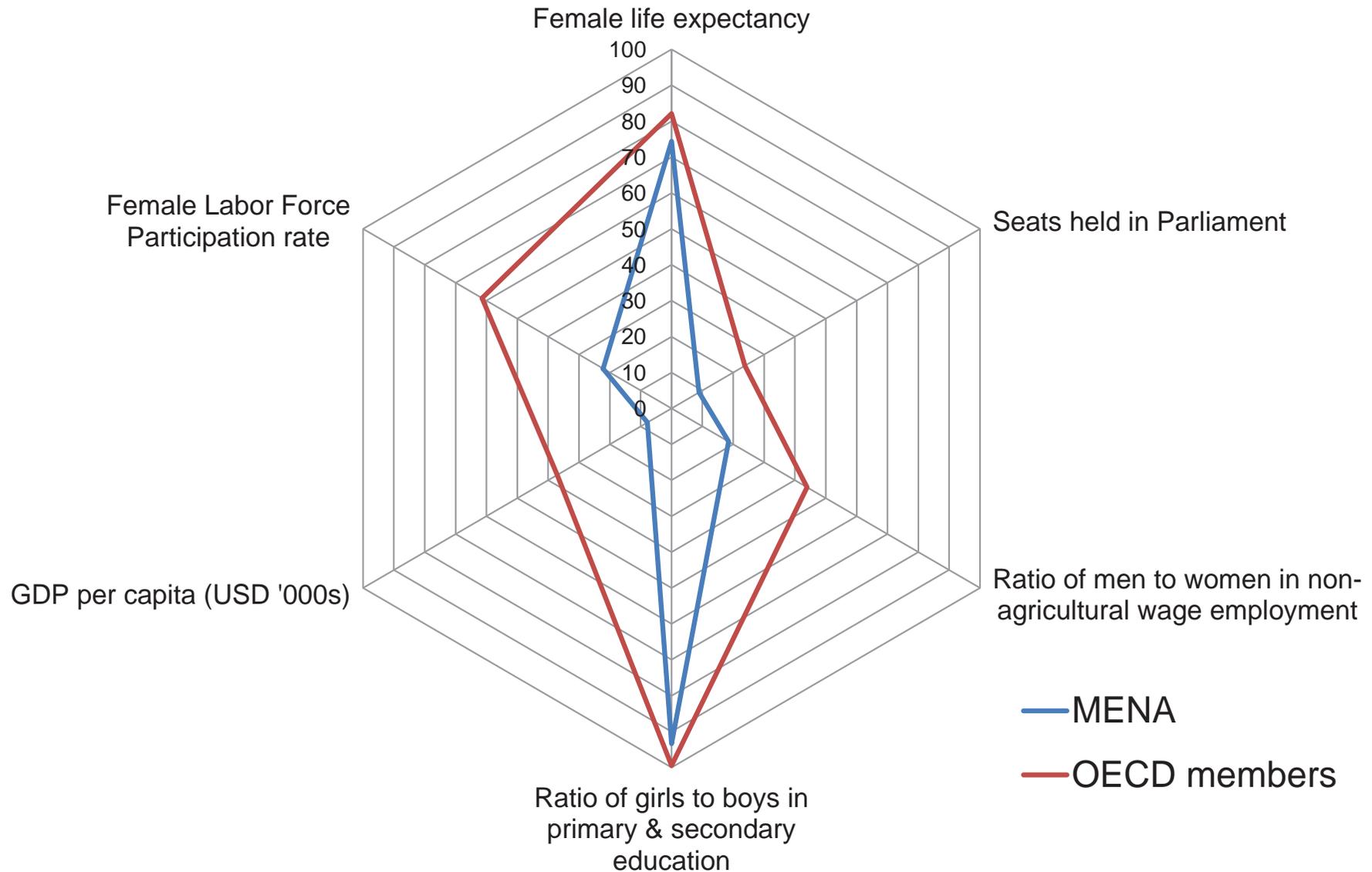
— & ASSOCIATES —

Marginalisation, Discrimination & the Challenges of Women Entrepreneurs in MENA

AGENDA

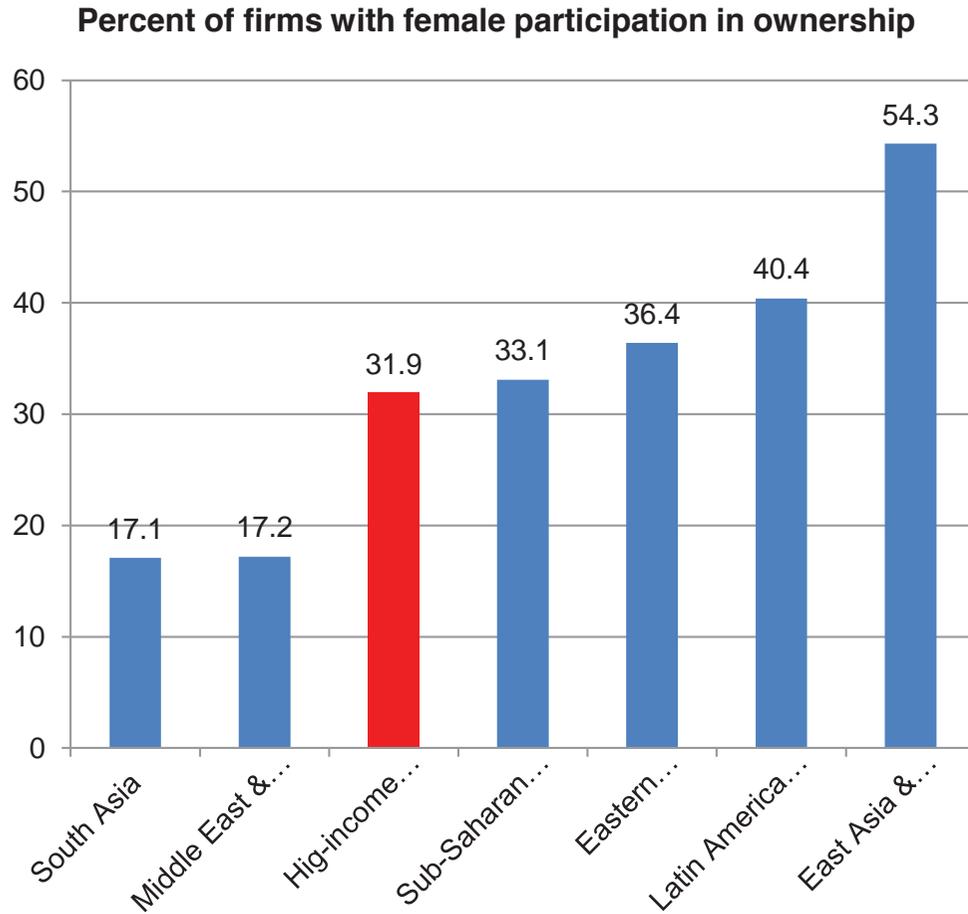
- Women & Economic Activity in MENA: marginalisation
- Women Empowerment & Economic Development
- Women Business & Entrepreneurship: barriers & discrimination
- Need for Research & Affirmative Action

Progress in Empowering Women in MENA compared

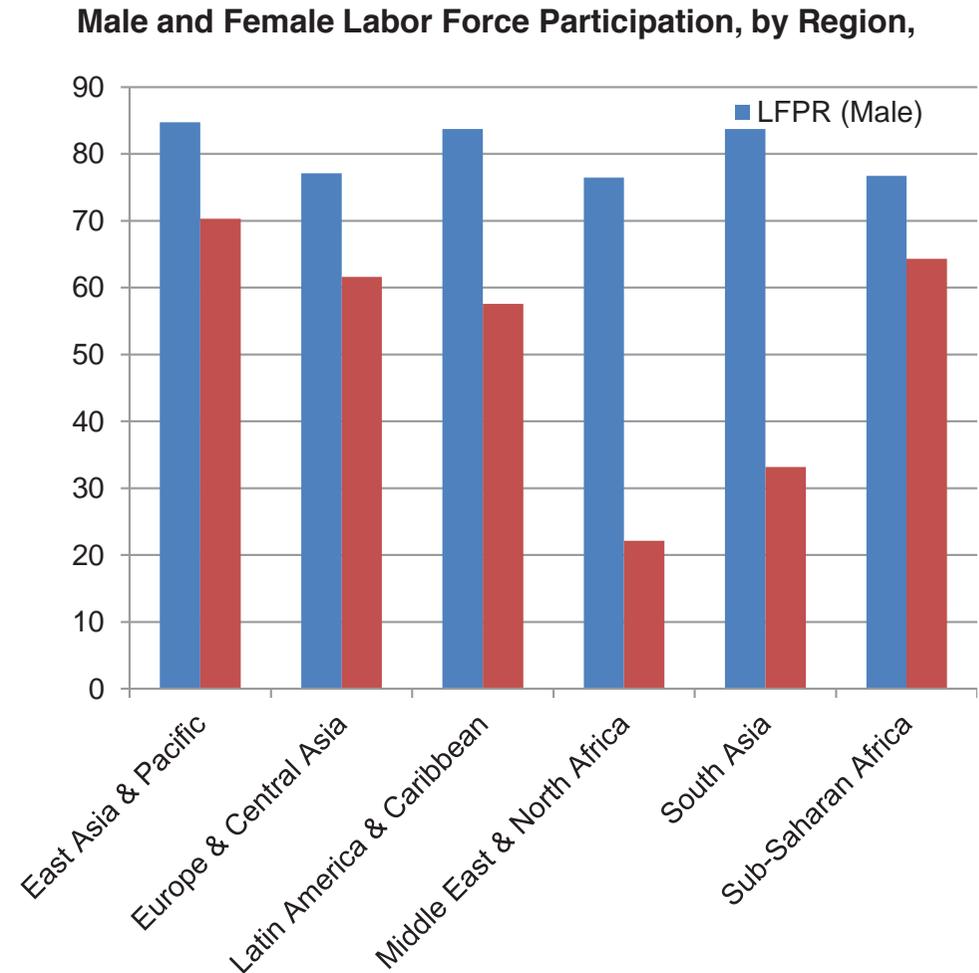


Source: World Bank Database

MENA has least ownership & largest LFPR Gap between Men & Women



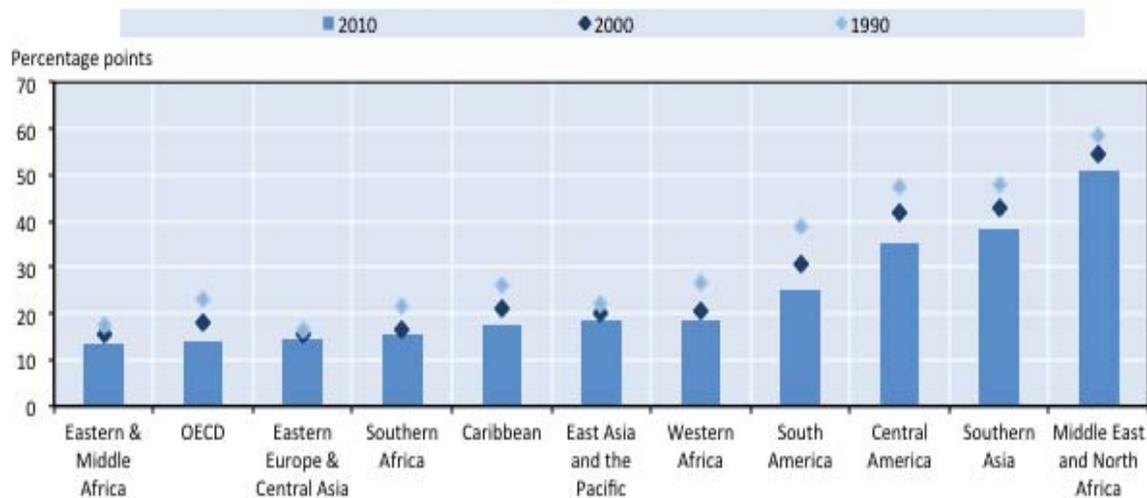
Source: World Bank Enterprise Survey



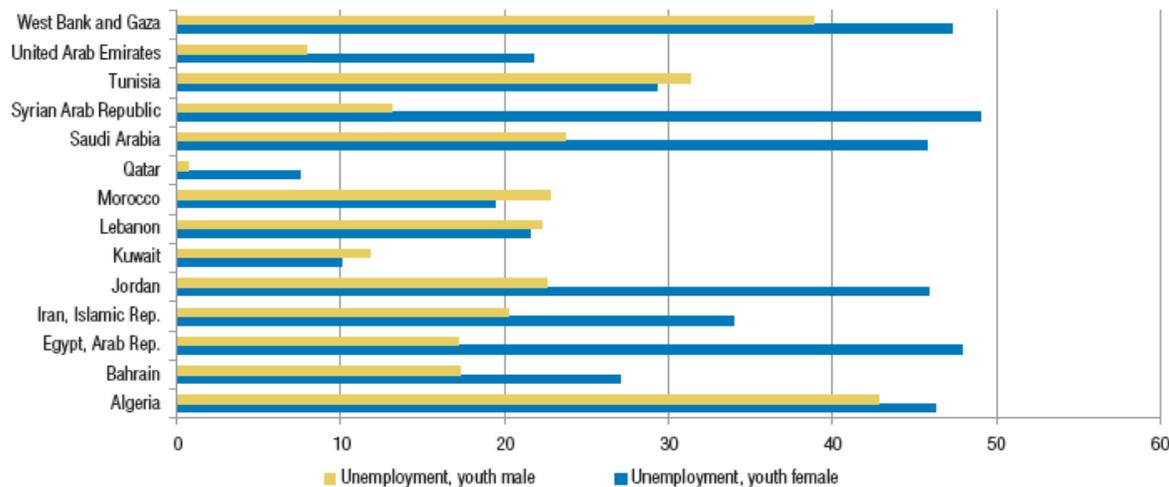
Source: World Bank Database

Gender inequality in employment II

Gender gaps in labour force participation have narrowed but remain significant in South Asia & MENA

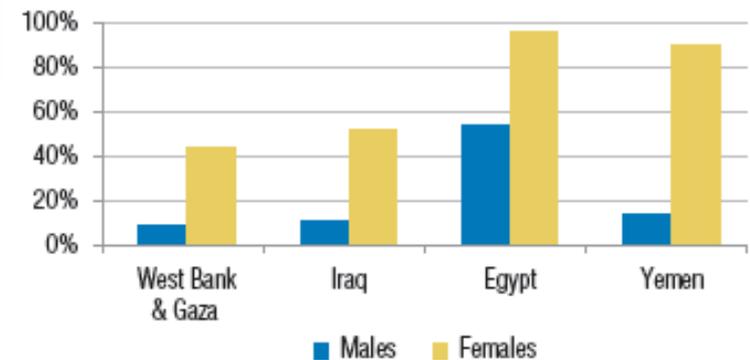


Gender Gap in Unemployment for Young Women



Source: World Development Indicators, 2011.

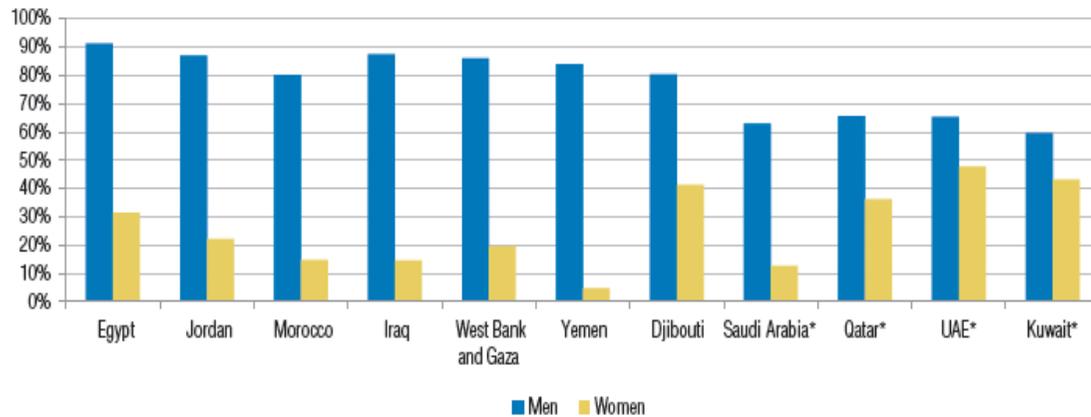
Public Sector Wage Gap: Difference in Average Hourly Earnings for Salaried Workers in the Public and Private Sectors (as % of Private Sector Wages)



Source: Selected household surveys.

Gender inequality in employment III

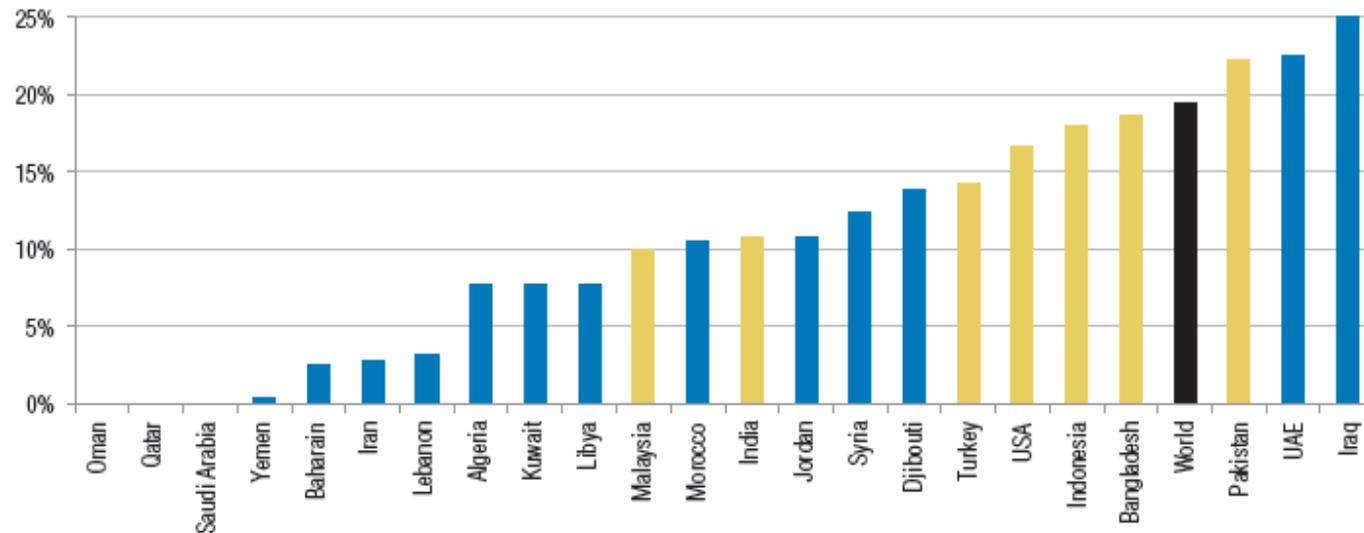
Female and Male Labour Force Participation Rates in MENA



Source: Household Surveys.

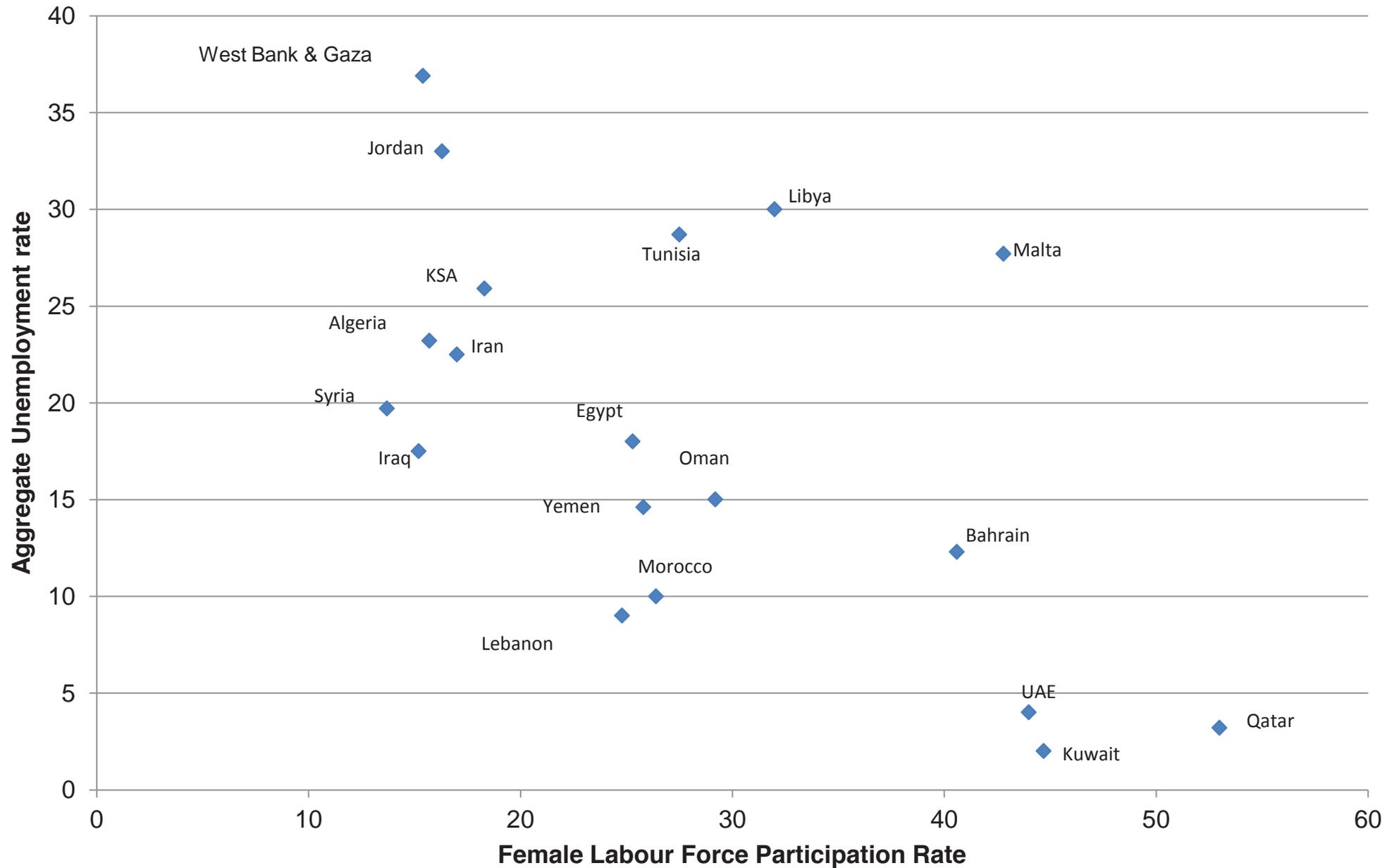
* Official estimates for national non-immigrant population.

Percentage of Women in Legislatures



Source: International Parliamentary Union, 2011 (<http://www.ipu.org/wmn-e/classif.htm>).

MENA: Low Female LFP Rates but High Unemployment Rates



Source: World Bank, ILO Database

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Marginalisation, Discrimination & the Challenges of Women Entrepreneurs in MENA

- Women & Economic Activity in MENA: marginalisation
- **Women Empowerment & Economic Development**
- Women Business & Entrepreneurship: barriers & discrimination
- Need for Research & Affirmative Action

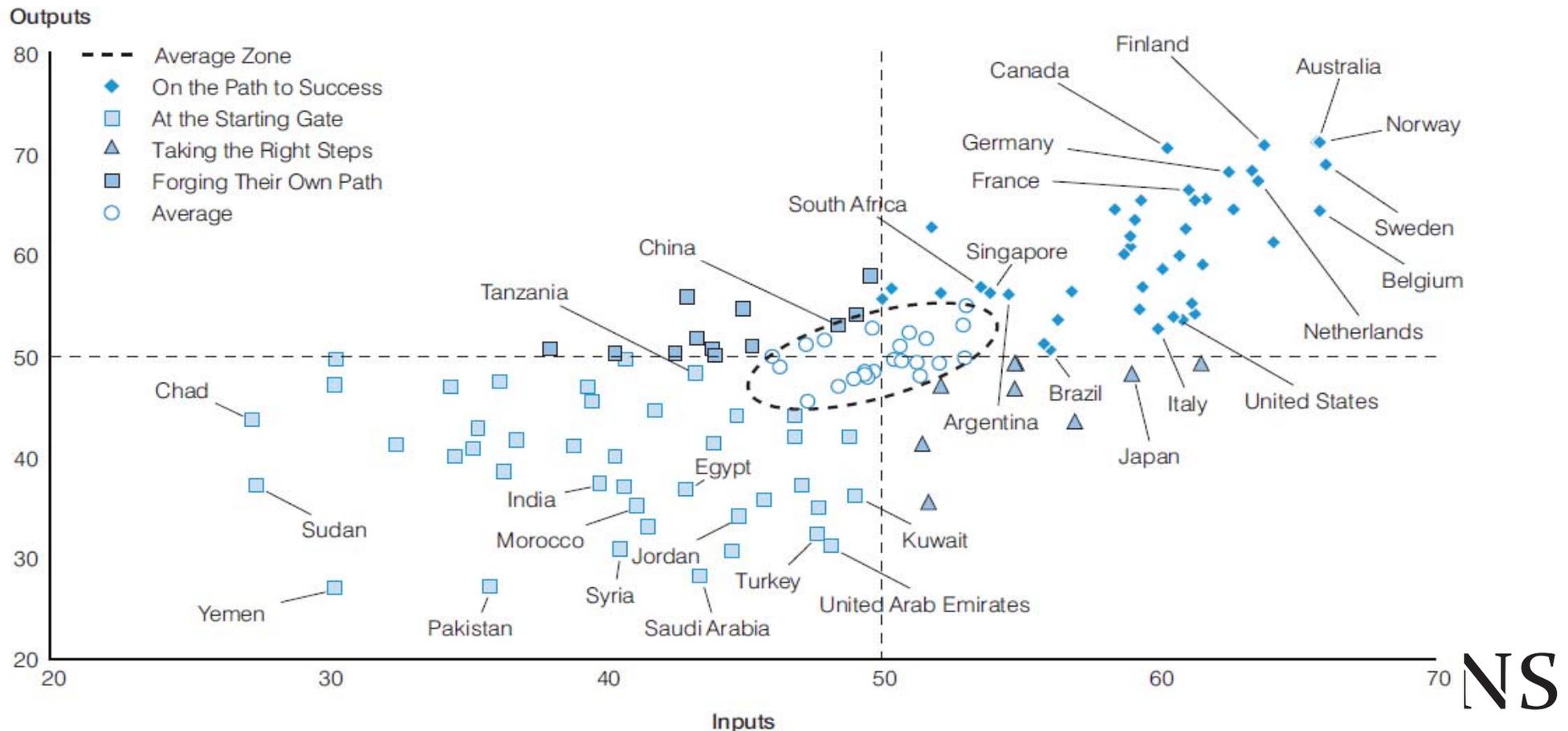
Women Empowerment & Economic Development (Source: Esther Duflo, 2012)

- There is a **bi-directional relationship** between economic development and women's empowerment defined as improving the ability of women to access the constituents of development: in particular health, education, earning opportunities, rights, and political participation. While development itself will bring about women's empowerment, empowering women will bring about changes in decision-making, which will have a direct impact on development.
- **Poverty and lack of opportunity breed inequality between men and women**, so when economic development reduces poverty: (a) the condition of everyone, including women, improves, and (b) gender inequality declines as poverty declines, so the condition of women improves more than that of men with development.
- **Economic development is not enough to bring about complete equality** between men and women. Policy action is still necessary to achieve equality between genders. Such policy action would be unambiguously justified if empowerment of women also stimulates further development, starting a virtuous cycle.
- In the other direction, **continuing discrimination against women can hinder development. Empowerment can accelerate development.**

Empowering the “Third Billion”

- ✓ Booz& Co’s report “Empowering the Third Billion” finds that setting aside all external factors - such as access to healthcare, political participation, and legal status - government leaders have levers they can pull to economically empower their female citizens, and countries that do so are producing results.
- ✓ Most countries in the **MENA region** are grouped in the cluster of “**At the Starting Gate**” – ie. in the early stages of empowering women economically.

THE THIRD BILLION INDEX



Performance Of Three Nations

UNITED ARAB EMIRATES

Score: 38.4 Rank: 109 out of 128

- ✓ Women: largely employed in public sector (42.6% of total national female labour force in federal govt depts, 35.9% in state govt depts). Preference due to shorter working days and higher pay relative to private companies.
- ✓ Exception to this trend is the banking sector: targeted by UAE govt as a key area for nationalisation strategies; women represent 37.5% of the workforce.
- ✓ Interestingly, Emirati women on average work more hours than men - 56.6 hours per week, compared with 51.6 hours for men.
- ✓ For women entrepreneurs, access to capital remains the biggest constraint - the most common financing sources were earnings from the business (39%), savings (44%), credit cards (21%), and commercial bank loans (19%). Two-thirds of the women did not have active bank credit; of those that did, 57% had less than AED 367,000 credit.

SAUDI ARABIA

Score: 34.2 Rank: 123 out of 128

- ✓ Women: 57% of Univ graduates; but underrepresented in workforce – FLFPR = 12% in 2008 & work predominantly in public sector (6.9% female Saudis work in pvt sector). Unemployment rate for women = 28% (men: 7%)
- ✓ Both women in workforce and entrepreneurs, a small but growing number, are inhibited by restrictions on women's mobility, both within KSA and abroad.

EGYPT

Score: 38.6 Rank: 108 out of 128

- ✓ Women achieved near parity with men in education; 30% household heads are women.
- ✓ Womens' rights supported: right to initiate divorce (2000), to travel without permission (2001), pass citizenship to children (2007)
- ✓ But FLFPR: 24%, women unempl. @ 23% (men: 6%)
- ✓ 20% of all firms are owned by women, spanning a broad range of industries
- ✓ Need to change regulations: lacks laws against gender discrimination; govt subsidies biased in favour of men

Reduction in MENA LFPR Gap would generate a Growth Explosion!

			Projected average annual growth rate in GDP		
	Male LFPR	Female LFPR	Male and female LFPR gap reduced by 50%, by 2030	Male and female LFPR gap reduced by 75%, by 2030	Male and female LFPR gap reduced by 100%, by 2030
Algeria	75.4	15.7	8.73	9.25	9.78
Bahrain	88.5	40.6	7.00	7.42	7.85
Egypt	78.1	25.3	7.72	8.18	8.65
Iraq	71.7	15.2	8.26	8.76	9.26
Jordan	68.9	16.3	7.69	8.15	8.62
Kuwait	84.5	44.7	5.82	6.17	6.52
Lebanon	75.3	24.8	7.38	7.83	8.28
Libya	79.9	32.0	7.00	7.42	7.85
Morocco	78.3	26.4	7.59	8.04	8.50
Oman	81.6	29.2	7.66	8.12	8.59
Palestinian Authority	68.6	15.4	7.78	8.25	8.72
Qatar	95.6	53.0	6.23	6.60	6.98
Saudi Arabia	76.1	18.3	8.45	8.96	9.47
Syrian Arab Republic	74.7	13.7	8.92	9.46	10.00
Tunisia	74.0	27.5	6.80	7.21	7.62
United Arab Emirates	92.4	44.0	7.07	7.50	7.93
Yemen	73.6	25.8	6.99	7.41	7.83

Source: Nasser Saidi & Associates (based on OECD estimates)

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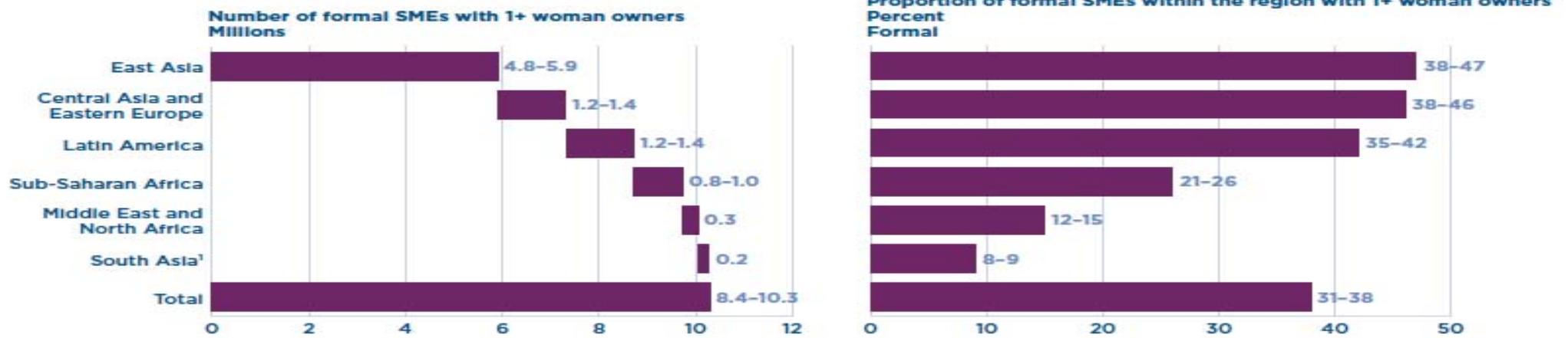
AGENDA

- Women & Economic Activity in MENA: marginalisation
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- **Women Business & Entrepreneurship: barriers & discrimination**
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Women Entrepreneurs in the MENA region

- **Gender gaps in entrepreneurial activity:** women in MENA economies have a lower level of involvement than men in entrepreneurial activity.
 - ✓ an **average of 8.1% of adult women are either actively trying to start a business (nascent entrepreneurs), or already own a business** that is less than 42 months old (ranging from 18% of adult women in Yemen to only 3.1% in Syria), **compared to an average of 16.1% for men** (ranging from 29% in Yemen to 8.2% in Tunisia)
 - ✓ Women account for about 32% of early-stage entrepreneurial activity, ranging from 18% in Syria to almost 40% in Algeria
- **Gender gaps in self-employment:**
 - ✓ Working men are 5.7 times more likely to be self-employed than working women in the Gulf nations
 - ✓ On average, self-employment represents 27.3% of female employment in the region, on par with the 30.9% rate in Latin America and the Caribbean
 - ✓ Only one in ten self-employed women are employers, compared to one in four self-employed men; the larger the enterprise, the fewer are women owners

NUMBER OF FORMAL WOMEN-OWNED SMEs IN DEVELOPING COUNTRIES



Largest proportion of women SMEs come from East Asia
Women representation lowest among formal SMEs in South Asia and Middle East & North Africa

1. Please note that the definition of a woman-owned SME is based on the enterprise survey definition which asks whether at least one of the owner is female, or whether any of the females are owners. For South Asia, the question posed was "Are any of the principal owners female?" (principal owners defined as >5% ownership) compared to other regions where the question was "Are any of the owners female?"

CREDIT NEEDS AND ACCESS FOR FORMAL WOMEN-OWNED SMEs

Credit needs and access for formal SMEs with at least one female owner by region¹, Percent



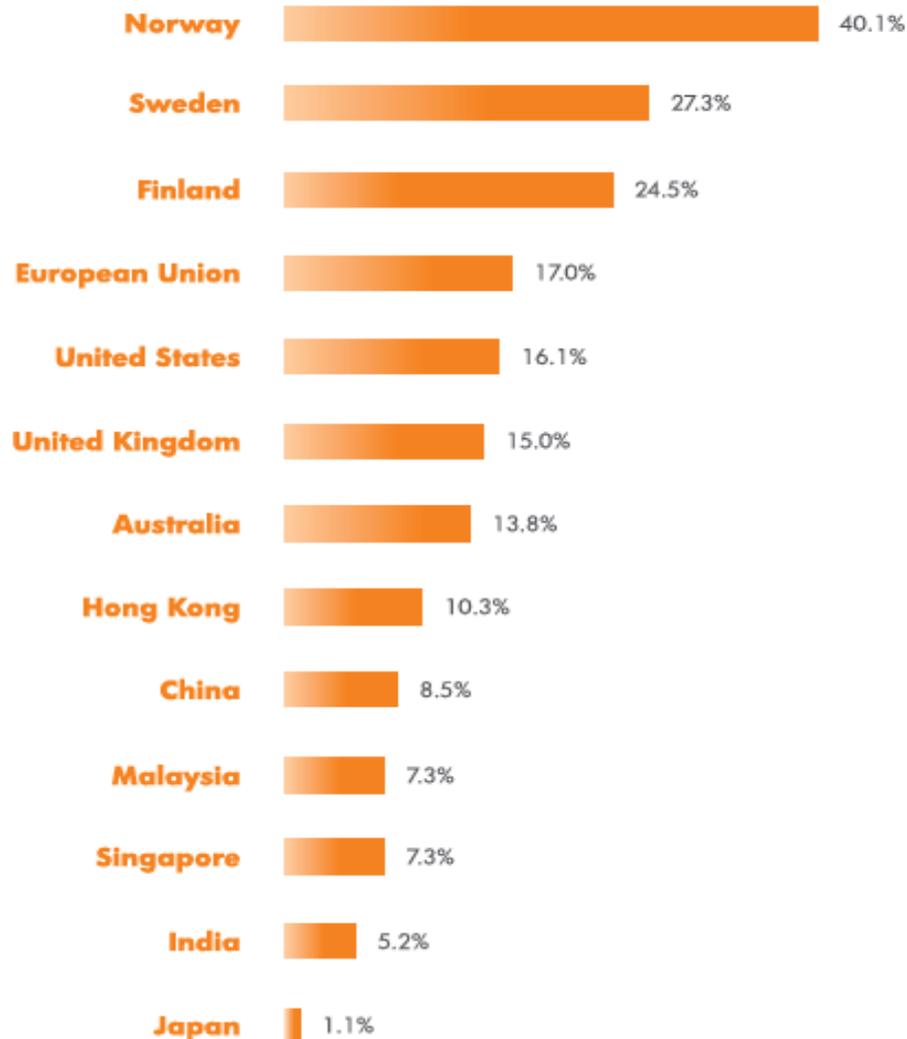
Please note that the definition of a woman-owned SME is based on the enterprise survey definition which asks whether at least one of the owners is female or whether any of the owners are female.

- Sub-Saharan Africa and East Asia report the highest rates of unserved women enterprises
- Underserved rates are highest among medium enterprises, since most already have access to finance

1 Definitions (see appendix): Unserved: Do not have a loan AND applied OR needed loan; Underserved: Have a loan but access to finance is a constraint (but not necessarily a "major" or "severe" constraint, which is a separate question); Well-served: Have a loan AND access to finance is not a constraint; No need: Do not have a loan AND did not apply AND did not need

Women On Boards

Figure 3: Female representation in boardrooms globally



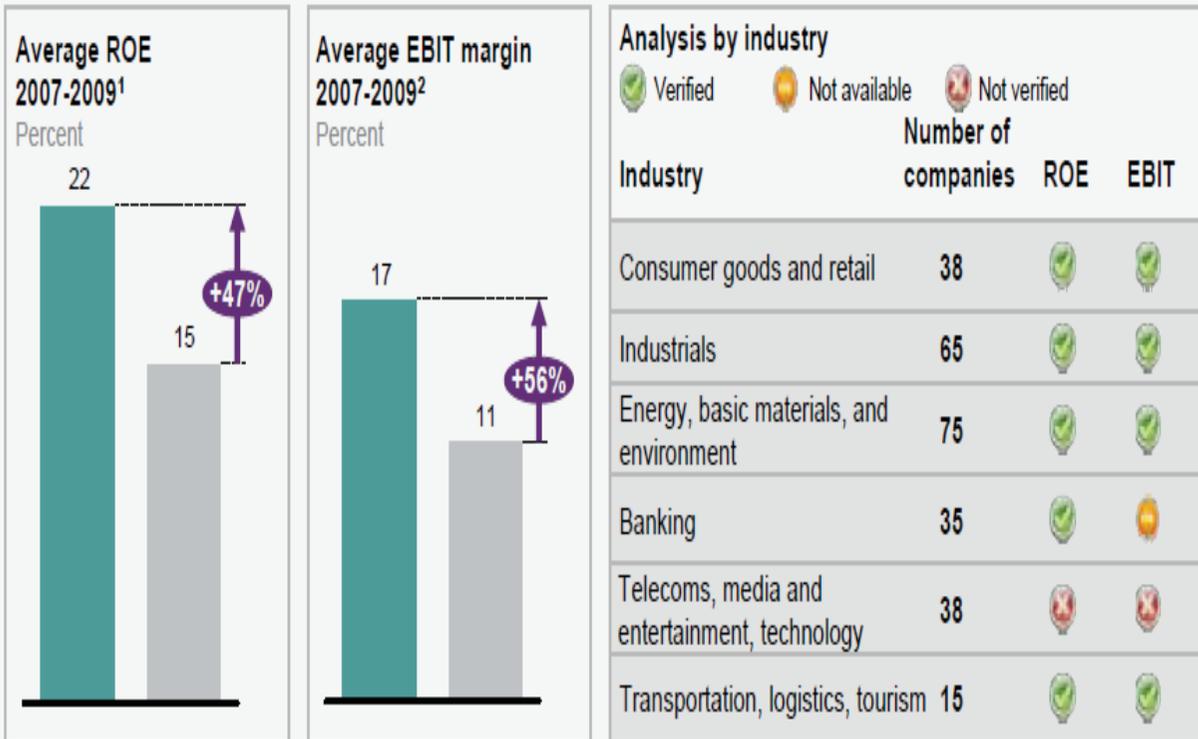
Sources: CGIO (Singapore); HKEx (Hong Kong); GMI (China, Japan, Malaysia, India); Women on Boards (Australia); Cranfield School of Management (United Kingdom); Catalyst (Finland, Norway, Sweden, United States); McKinsey (European Union)

- ✓ Countries with the highest representation of women on boards were Norway, Sweden and Finland; the European Union average was 17.0% (Source: McKinsey's 2012 "Women Matter" report).
- ✓ Regionally, women represent just 1.5% of boardroom directors in listed companies across the GCC.
- ✓ More than three-quarters of banks in the MENA region do not have even one woman on board!
- ✓ But, there have been some positive in Middle East recently:
 - ✧ It is now mandatory in the UAE to have female board members in every company and government agency.
 - ✧ In KSA, King Abdullah recently appointed 30 women to the previously all-male consultative Shura Council. The new decree states that women should always hold at least a fifth of its 150 seats.
- ✓ The challenge now is to ensure that directors, whether women or men, are supported in fulfilling their roles.
- ✓ On the most basic level this means that boards have clear mandates with clear responsibilities and liabilities, but it should also provide tools for individual directors to fulfil their duties effectively => need for capacity building of female directors

Women On Boards & Financial Performance

Correlation between proportion of women on executive committees and financial performance

■ Companies in the top quartile for women's representation on executive committees vs. sector ■ Companies with no women on the executive committee in that sector



1 ROE: Average calculated on 2007-2009 period for 279 companies

2 EBIT: Sample of 231 companies; banks, insurance, and financial services have been excluded

Scope: 6 European countries (UK, France, Germany, Spain, Sweden, Norway) and the BRIC countries (Brazil, Russia, India, China)

SOURCE: Company websites; Datastream; McKinsey analysis

✓ Credit Suisse study (2012): found that large companies with female board members outperformed companies with all-male boards.

✓ Companies with at least one female director on the board had an average growth in net income of 14% in the past six years, compared with 10% for boards with just male members

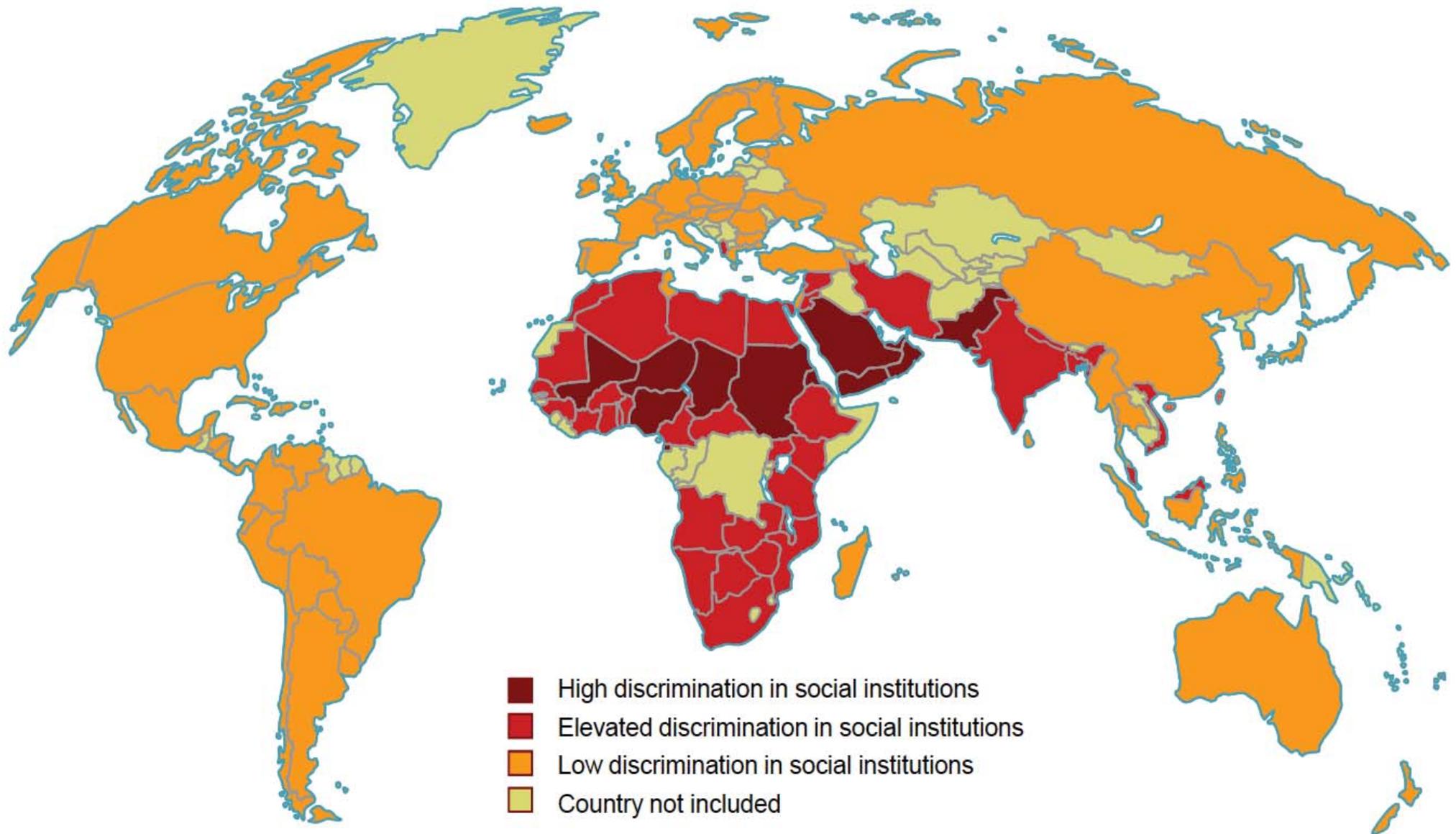
✓ Beware: correlation is NOT causality

Discrimination in Social Institutions

- Discriminatory Family Code
- Restricted Physical Integrity
- Son Bias
- Restricted Resources and Entitlements
- Restricted Civil Liberties

Source: OECD, Gender, Institutions and Development Database 2012 (GID-DB)

MENA countries have highest levels of Discrimination in Social Institutions (OECD)



The depiction and use of boundaries shown on maps do not imply official endorsement or acceptance by the OECD.

Women, Business & the Law (2012)

World Bank's study on **Women, Business & the Law** brought out some interesting findings:

- Greater lack of parity is associated with lower labor force participation by women (both in absolute terms and relative to men) and lower levels of women entrepreneurship
- Firms owned and or managed by women in economies with a higher number of differentiations (i.e. discrimination) are more likely to report having to make informal payments (evidence of corruption)
- In economies where women cannot get a job without permission from their husband or guardian, there are on average fewer women in the workforce than in economies where this restriction does not exist. However, this difference is only significant if the firm's top manager is a man. In female-run firms these types of legal differentiations seem to have less of an impact in practice
- **In the MENA region:**
 - ✓ Explicit legal gender differentiations are most common, both in accessing institutions and in using property
 - ✓ At least one restriction is imposed on married or unmarried women's capacity to act
 - ✓ There is a differentiation in inheritance laws
 - ✓ There are limits on the industries in which women may work relative to men

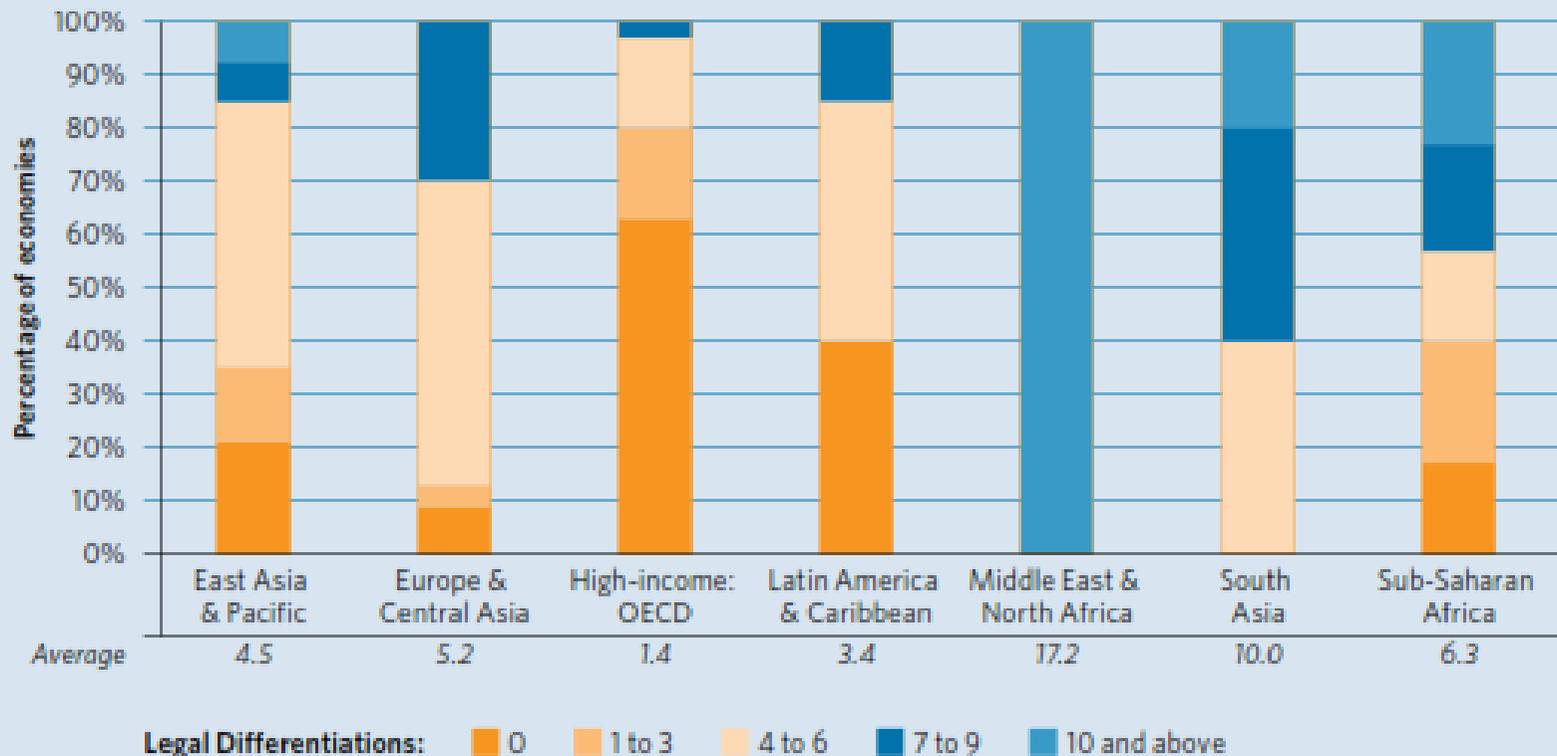
WB Women, Business & the Law

-
- Covers 142 economies, with comparable data across the following six areas:
 - **Accessing institutions** : Explores women's legal ability to interact with public authorities and the private sector in the same way as men;
 - **Using property** : Analyzes women's ability to access and use property based on their ability to own, manage, control and inherit it;
 - **Getting a job** : Assesses restrictions on women's work, such as prohibitions on working at night or in certain industries. The indicator also covers laws on work-related maternity and paternity benefits, retirement ages, sexual harassment and equal pay for equal work;
 - **Providing incentives to work** : Examines personal income tax credits and deductions available to women relative to men, and the provision of childcare and education services;
 - **Building credit** : Identifies minimum loan thresholds in private credit bureaus and public credit registries, and tracks bureaus and registries that collect information from microfinance institutions;
 - **Going to court** : Considers the ease and affordability of accessing justice by examining small claims courts, as well as a woman's ability to testify in court and initiate court proceedings.

MENA has highest # of legal discriminations globally

FIGURE 3.2

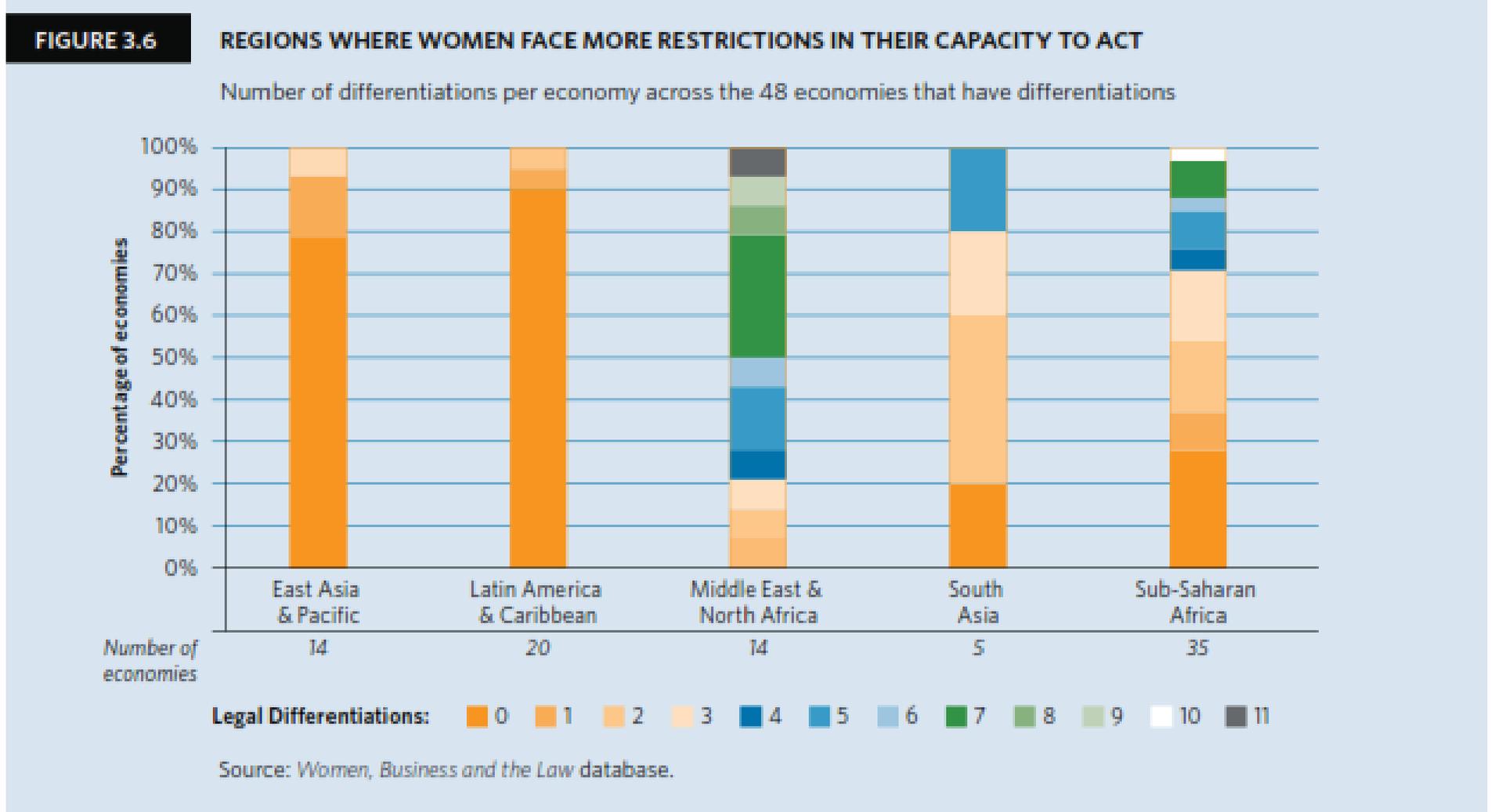
LEGAL DIFFERENTIATIONS PER REGION



Note: The averages are the average number of legal differentiations per region.

Source: *Women, Business and the Law* database.

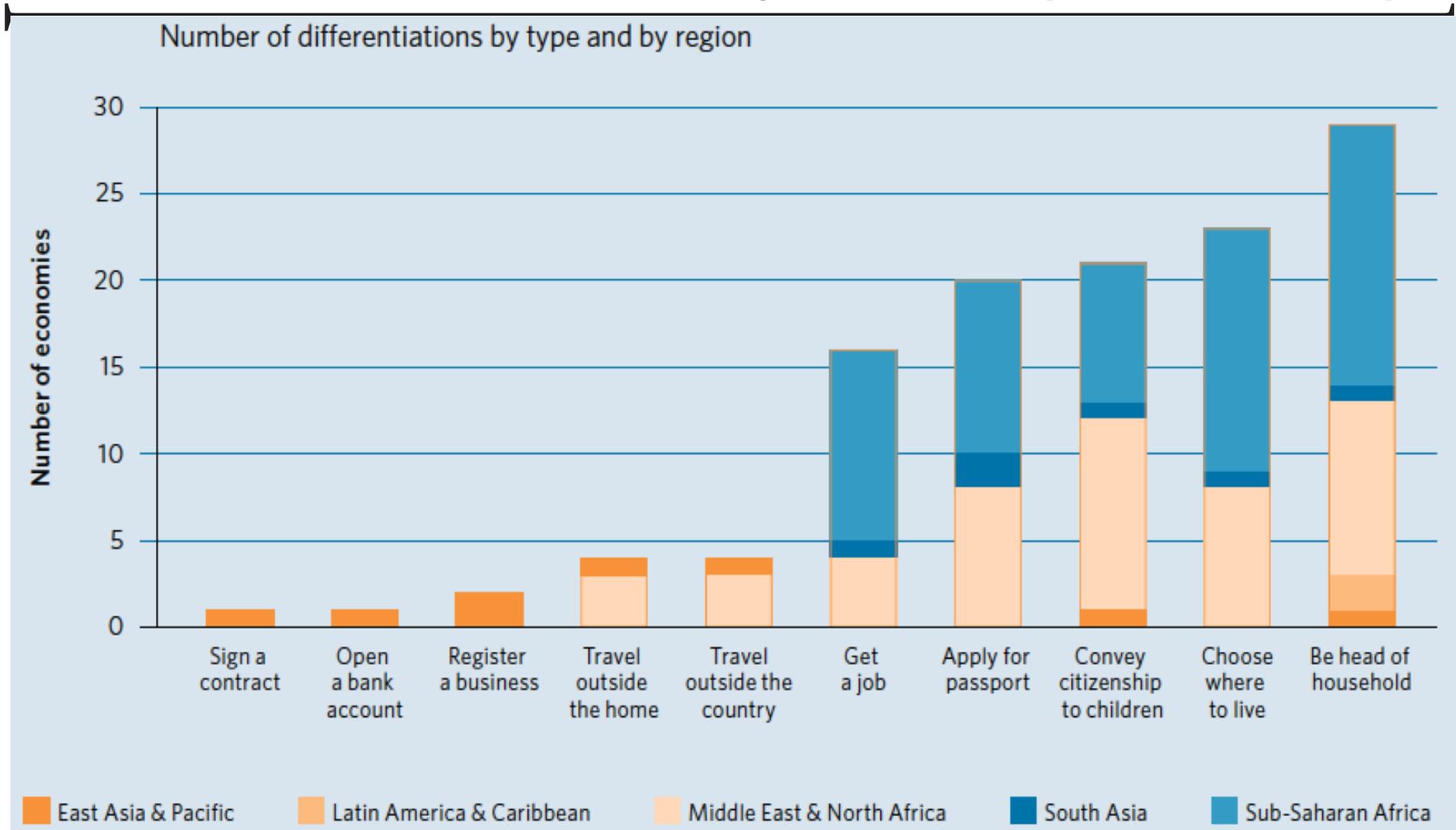
MENA has highest % of economies with largest # of restrictions on women's capacity to act!



With greater Discrimination, fewer women work, own or run a business



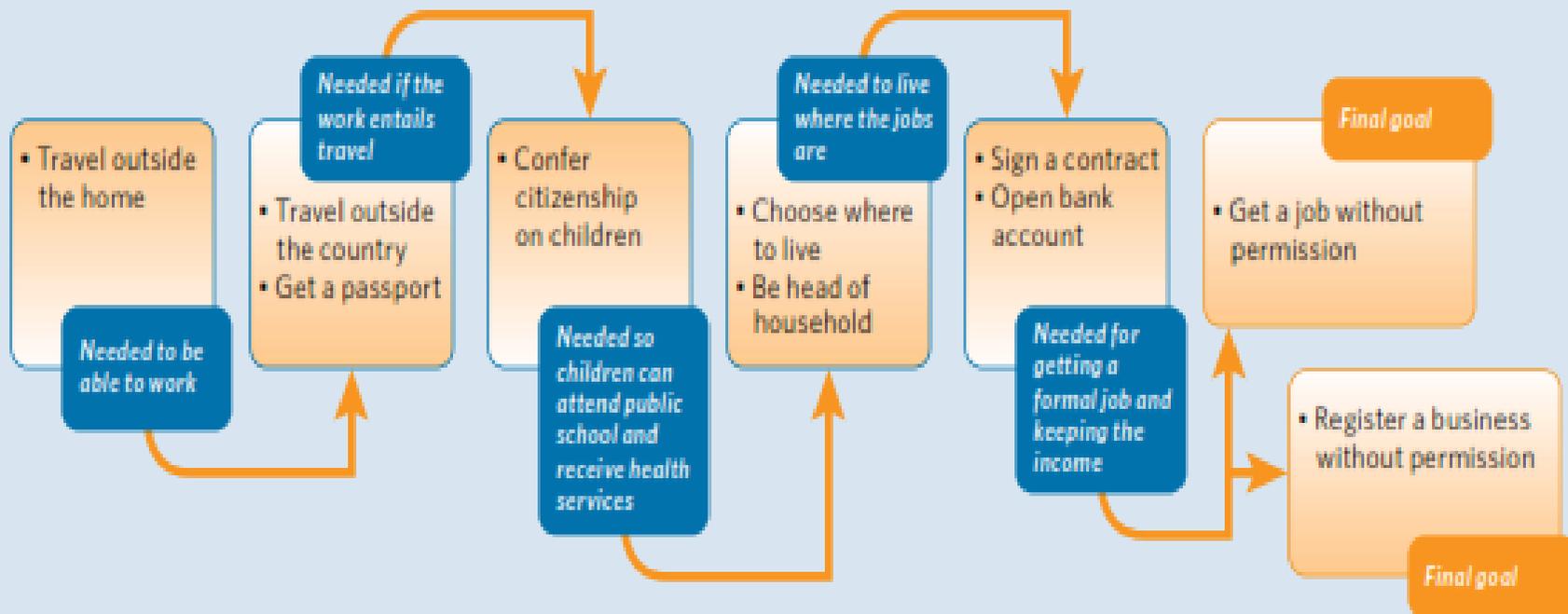
Married women in MENA face large # of restrictions: kills mobility & entrepreneurship



Barriers to Women's quest to get a job or start a business: must think/act holistically

FIGURE 3.5

A WOMAN'S QUEST TO GET A JOB OR START A BUSINESS



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Take Away I

- Post-Arab Firestorm: Transformational & Reform Agenda should include Empowerment of Women
- Bidirectional relationship between economic development and women's empowerment underscores the need to boost MENA women's economic activity
- Economic Growth & Development do not necessarily lead to gender equality & empowerment of women
- Need affirmative action programme that *actively* promotes women & reverses marginalisation & discrimination: policies, laws, quotas
- Institutions & Infrastructure => Greater Inclusiveness + Greater Participation => Empowerment & Development

Take Away II

- Reforms are necessary in Legal framework to support Women's rights, including property, access to finance & mobility!
- Women Entrepreneurship challenges cannot be sustainably addressed without addressing challenges & policies for women empowerment
- Research agenda:
 - Focus research on barriers to labour force participation of women: big game changer
 - 'Genderise' WB/IFC Cost of Doing Business
 - Women, Business & the Law: rank countries, legislators, governments, monitor legislation & reforms
 - Social Institutions: collect data, analyse effects on women's economic activity & business

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Thank you

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