Women entrepreneurship working in a conflict region: the case of Palestine

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Abstract: The main purpose of this research paper is to get deep insights about the nature and dynamics of women entrepreneurship in an Arab and conflict region with specific reference to Palestine. Quantitative and qualitative methods were used. The results show that Palestinian women have positive perceptions towards entrepreneurship as a career. Most women are driven by opportunity rather than necessity into business. Most enterprises started by women in Palestine are into consumer oriented business activities and the size of their enterprises are relatively small (three to ten employees). Culture constraints, lack of support services and access to finance are the main challenges women entrepreneurs face in Palestine. Understanding women entrepreneurs will assist decision makers in Palestine to address their issues through policies and support interventions to eliminate the barriers these enterprises are facing.

Keywords: entrepreneurship; women; challenges; culture; finance; gender; information; legislation; conflict region; Palestine.


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1 Introduction

In recent years, there has been a considerable and growing interest in entrepreneurs and entrepreneurship (Davidsson, 2006) at both national and international levels as it symbolises innovation and a dynamic economy (Gnyawali and Fogel, 1994). Nevertheless, the topic of female entrepreneurship has been relatively neglected both in society and the social sciences, despite the fact that generations of women from across the world have contributed to their environment, demonstrating encouraging signs of entrepreneurial spirit (Warren-Smith et al., 2014).

Further, there are plenty of studies on identifying factors of success in women entrepreneurship in advanced countries (Vernesa, 2014); however, there is dearth of studies research on entrepreneurship in developing economies with rigorous scientific approach. The women running small and entrepreneurial ventures have shown a tremendous impact on employment and on business environments worldwide. However, there is still a large gap in the research and dissemination of information about female entrepreneurship. Nearly one-third of all the businesses in the formal economy are women-owned and women entrepreneurs are expected to play even larger role in informal sectors (Bowen and De Clercq, 2008).

In Palestine, women’s entrepreneurship is increasingly recognised as an important factor for economic growth and development. However, the number of women entrepreneurs in Palestine is relatively low, due to a number of factors. Palestinian women entrepreneurs face several obstacles, despite deliberate attempts by the Palestinian authority (PA) to encourage female entrepreneurship.

2 Objectives of the study

The main objective of this research is to get a thorough and deep understanding of women entrepreneurs working in Palestine. Women’s entrepreneurship deserves attention, in order to access underutilised resources for increase economic growth. Entrepreneurship can offer new opportunities for women and hence generate income and create wealth for themselves and their families.

3 Methodology

In order to understand women entrepreneurship in Palestine, the researcher used different sources and methods for data collection. With regard to Secondary data, the researcher relied on surveying the literature relevant to the topic, including the statistics, publications by governmental and non-governmental organisation, research papers, articles and editorials. Primary data: the researcher administered 100 questionnaires on a group of women who own and run their businesses in traditional businesses. The judgmental sampling technique used to select these women, based on prior knowledge of the researcher and use of different networks supporting women entrepreneurship. The aim of this questionnaire was to get a thorough understanding of the factors affecting women. The main points that were tackled in the questionnaire are:
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a factors influencing the decision to launch a venture
b problems encountered by female business owners.

As well, the researcher conducted three focus groups (i.e., 10–15 women entrepreneurs each) to discuss the obstacles facing these businesses and recommendations to overcome these obstacles. These focus groups were conducted in the north, middle and south of the West Bank during the period of January and April 2014.

4 Literature review

Palestine consists of two separated parts: West Bank and Gaza Strip. In the fourth quarter of 2013, the unemployment rate in Gaza Strip was 31.0% compared with 20.3% in the West Bank and the unemployment rate for males in Palestine was 21.2% compared with 35.3% for females. The highest unemployment rate in the fourth quarter 2013 was 41.1% among youth aged 20–24 years. For years of schooling, the unemployment rate among females with 13 years of schooling or more was 46.7% (PCBS, 2014).

Under the interim Oslo Accords negotiated by the Israelis and Palestinians in the mid-1990s, land in the West Bank was divided into three areas: areas A, B and C. In area A, the PA assumed full control for civil affairs and security; in area B, the PA would similarly administer civil affairs but share security control with the Israelis; and in area C, Israel assumed responsibility for most administrative authorities and full security control. This arrangement was considered temporary pending a final status agreement on Palestinian statehood.

In the West Bank, area C represents more than 60% of the land including the economically strategic area of the Jordan Valley. It is the only major contiguous area of territory in the West Bank and is home to more than 250 Palestinian communities. Most of area C in the West Bank is still inaccessible to large-scale Palestinian investment and economic enterprise. Given its economic importance, the expanded development of area C by Palestinians, as foreseen by the interim Oslo Accords, is critical for the future viability of the Palestinian economy.

Although Islam declared women capable of exercising all their rights with no exception and to pursue their social and economic activities, yet, women in many Middle Eastern countries including Palestine struggle against inequality and restrictive practices in economic participation and are constrained by the family roles (Hattab, 2012). Many of these unfair practices and limitations are said to originate from local cultural traditions (Haber and Reichel, 2007) and creating obstacles towards rights and liberation pertaining to laws dealing with criminal justices, economy, education and healthcare.

Some of the factors affecting women entrepreneurship include the slow growth in the region influences economies towards low demand for female labour. In addition, the traditional view that men are the breadwinners further obstructs the employment of women and contributes to an increase in women’s unemployment relative to men; the uncertain security situation and internal political tensions (Freedom House, 2010) imposing constraints on women and limiting their access to employment opportunities, freedom of movement. Also the Arab culture defines the roles of men and women, men are expected to support their families and women to take care of house and family promote the culture that the right place for the woman is her house.
The analysis of Hossain et al. (2009) revealed that women face problems in establishing their own businesses in every step that they take. The desire for financial independence and decision-making, market and informational network, availability of a start-up capital, knowledge and skills and responsibility towards children are the main factors that impact women’s decision to become self-entrepreneurs. Their regression analysis, however, revealed that participation in women associations, advocacy and decision-making (self-fulfilment) and knowledge are the main factors that affect women’s decision to develop their business. Yet, the results indicated that religion does not influence women’s entrepreneurship development.

In Arab economies, there is no law that prohibits women’s work or ownership of a business exists. However the business environment is highly gender biased. Women entrepreneurs therefore face host of challenges and constraints that hinder their economic participation and thus make their contribution rates lower than men (Hisrich and Öztürk, 1999). Nonetheless, the situation of women in Palestine has seen lots of changes, all aiming at improving the overall status of women. More women are choosing careers in entrepreneurship and hence, contributing to the development and economic growth of their country.

In Palestine, as all Arab women entrepreneurs are faced with external barriers such as lack of financing, exclusion from male-dominated informal networks and the social attitude that business ownership is a male activity. Such barriers are mainly informal barriers based on cultural norms, values and customs (Mohsen, 2007).

5 Data analysis and findings

Women aged 25–35 are the most entrepreneurially active while women in the age group of 55–64 are the least active. It has also been found the entrepreneurial initiatives are more among educated women. The highest rate among secondary certificate holders (40%), followed by university degree holders (18%) and college/technical category (12%). Almost (40%) of the respondents started their own businesses without having any previous experiences while 25% of the respondents were working in full time jobs and (35%) were engaging in part time jobs. In Palestine women who are living in rural regions (almost 60%) are more entrepreneurially active and (80%) of them are married.

For many individuals, the entrepreneurial process starts with a personal assessment dealing with attitudes and perceptions towards entrepreneurship. In Palestine, almost 80% of the respondents have a positive attitude towards entrepreneurship. When women were asked whether people perceive starting a new a business a desirable career choice, almost 72% of women were found to be very positive about it.

Starting a business requires some basic skills such as planning, technical skills, marketing and monetary skills. When women were asked if they think they have the required skills to start a business, almost 60% of the respondents showed that they are still struggling to get their basic needs. Palestine’s primary and secondary education systems do not promote entrepreneurship. The system is built on memorising textbook facts instead of creative learning systems or explorative research. In this sense, the academic system up to the BA grade is an extension of the rigid school system. Only in master courses, students are exposed to independent learning and are applying creative learning concepts. Interests in innovations are thereby stimulated far too late in the educational system. Only a few dedicated courses to innovation management and
entrepreneurship can be found in public universities while private academic institutions seem to be slightly more advanced in this field.

At the educational program level, business participation in program planning, curriculum design review and delivery is weak; there is insufficient use of flexible models for program delivery such as student centred approach; educational programs focus continues to be on the academic rather than the applied knowledge; insufficient gender sensitive measures in recruitment and program delivery mainly in the technical and vocational education and training (TVET); instructors/trainers lack relevant, current and recurrent workplace experience; and weak guidance and student support, job counselling and placement with weak consideration to gender-based differences.

Lack of training, information and support services also perform against the growth of women’s entrepreneurship. Women stated that they do not possess the required knowledge or skills of a successful businesswoman though they believe that they cannot grow without the right tools and skills and at the same time, they find it hard to acquire these skills, due to its cost or scope. The comparatively low levels of entrepreneurship call into question Palestine’s ability to foster growth and jobs. The challenge for education is to provide learning environments that stimulate independence, creativity and an entrepreneurial approach to harnessing knowledge.

In his study, Franck (2012) showed that in contrast to the view that women’s informal micro-entrepreneurship is motivated only by ‘involuntary exclusion from the labour market’ or ‘poverty’, his paper has found that women’s micro-entrepreneurship can be motivated by a wide range of factors including: to earn an income; interest in doing business; increased flexibility and autonomy; possibility to combine with family obligations; and re-negotiating spatial practices.

Women in Palestine are looking for better standards of living. They realised the particular nature of their societies and endeavoured to achieve for themselves what others cannot do it for them. When women were asked about what made them launch their ventures, the answers is to alleviate poverty especially with the unstable political situation which contributes to deteriorating not only women’s status in the community but the stability of families in specific and society in general. Table 1 presents the influencing factors in the decision to become entrepreneurs.

<table>
<thead>
<tr>
<th>No</th>
<th>Factor</th>
<th>Percentage (%)</th>
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<tbody>
<tr>
<td>1</td>
<td>Income generation</td>
<td>60</td>
</tr>
<tr>
<td>2</td>
<td>Dissatisfaction with current job</td>
<td>55</td>
</tr>
<tr>
<td>3</td>
<td>Use the time in something useful and be productive</td>
<td>45</td>
</tr>
<tr>
<td>4</td>
<td>Self-actualisation</td>
<td>40</td>
</tr>
<tr>
<td>5</td>
<td>Financially and economically independence realisation</td>
<td>25</td>
</tr>
<tr>
<td>6</td>
<td>Contribution to the economic progress of the country</td>
<td>15</td>
</tr>
<tr>
<td>7</td>
<td>Attainment of status in the society</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>Flexibility in time-allocation between family and house</td>
<td>10</td>
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Women were asked if they started their businesses due to ‘necessity entrepreneurship’, which has to become an entrepreneur because they have no better option, from ‘opportunity entrepreneurship’, which is an active choice to start a new enterprise based on the perception that an unexploited or underexploited business opportunity exists.
Women in Palestine are driven by both motives and with the same intensity and this is due to unstable political situation leading to worsening economic situation, creating need for capturing any opportunity in the market to start a business and, at the same time, to alleviate poverty and support family on one side and as a substitute for employment. Conclusive with previous studies it also argues that necessity and choice may be ‘co-present’ in the motives to enter into entrepreneurship.

Although the percentage of women-owned enterprises is on increase, yet women are still facing many constraints and difficulties that may hinder the growth and development of their businesses. Women were asked to specify the problems they encounter in their attempt to manage and run their ventures. Table 2 presents the main challenges that are facing women to start their own businesses.

<table>
<thead>
<tr>
<th>No</th>
<th>Challenge</th>
<th>Percentage (%)</th>
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<tbody>
<tr>
<td>1</td>
<td>Culture</td>
<td>84</td>
</tr>
<tr>
<td>2</td>
<td>Lack of support services</td>
<td>82</td>
</tr>
<tr>
<td>3</td>
<td>Access to finance</td>
<td>55</td>
</tr>
<tr>
<td>4</td>
<td>Registration process</td>
<td>52</td>
</tr>
<tr>
<td>5</td>
<td>Laws and regulation</td>
<td>50</td>
</tr>
<tr>
<td>6</td>
<td>Political instability</td>
<td>32</td>
</tr>
<tr>
<td>7</td>
<td>Poor infrastructure</td>
<td>18</td>
</tr>
<tr>
<td>8</td>
<td>Lack of technology</td>
<td>10</td>
</tr>
</tbody>
</table>

Women are faced with cultural limitations that reduce their image to a typical housewife. There was almost a consensus among women on the role played by the prevailing culture on holding them back not only in terms of owning and running the business enterprises but also when it comes to their rights in movement, joining workforce, political participation and freedom of choice. They believed that norms, traditions and attitudes of the conservative society pose a burden on them. They feel the society still perceive them as housewives no matter how educated they are or how successful in their businesses they are.

Palestine’s culture does not seem to promote individualism as prerequisite for innovations and entrepreneurship. The traditional trading orientation of the culture seems to be less geared towards innovation than a culture with is more manufacturing oriented. This might be one reason for the undeveloped innovation and entrepreneurial system. Almost 80% of the respondents did not create jobs (one person-based operations) while (20%) created (one to five) jobs. The majority of the respondents are working at home in consumer-oriented businesses such candles, wooden hand crafts, soap and food. Working from home might reduce the cultural barriers of women movement.

The traditional role puts another limiting factor on women entrepreneurs, which is the work-home role conflict. The combination of two jobs, one at work and one at home, is difficult for women in Palestine where poverty and lack of infrastructure can make the most basic tasks harder and time-consuming for them.

Access to finance poses itself as a hindering factor in addition to the complicated and bureaucratic business registration process. Women feel it is more difficult for them to access finance and they sensed gender-discrimination especially when applying for loans from banks, whom according to women, require male guarantor and to provide more
collaterals. Also, when they seek funding from their families or friends, they feel they are not sometimes taken seriously. However, on a positive side, they expressed ‘somehow’ their satisfaction with micro-credits organisations, due to their ‘softer’ stipulations compared to banks.

Though there is no law that forbids women’s ownership of business of any type, however women believed it is the interpretation of these laws that slow down their entrepreneurial endeavours. Women expressed their dissatisfaction with the mechanisms with which laws and regulations are applied. Another factor that may hold up women’s venture’s growth is the complicated and cumbersome business environment. According to the Palestinian women, procedures are complex, length and costly, i.e., obtaining licenses and permits. Paying taxes and bankruptcy and exit procedures, all are working against them and hence may drive them towards the informal sector. Other hindering factors are the political instability and war threats, lack of skilled and dedicated labour, the limited market expansion opportunities, poor infrastructure and lack of access to technology and innovation.

6 Conclusions

There is hardly in study available covering the issues of women entrepreneurship in Middle Eastern countries, especially the conflict region like Palestine. Palestinian women have positive perception towards entrepreneurship as a career and most women are driven by opportunity rather than necessity to be into business. Most enterprises started by women in Palestine are into consumer oriented business activities and sizes of their enterprises are relatively small. Results show that culture constraints, lack of support services and access to finance are the main challenges face women entrepreneurs in Palestine.

7 Recommendations

The main recommendations could be summarised as the following:

- Promoting women as entrepreneurs. As all activities relating to the promotion of female entrepreneurship and women owned businesses are of societal and economic benefit to all.
- Ensuring the accessibility of entrepreneurship to all by making sure that education at all levels removes gender stereotyping of entrepreneurs and closes the gap between the numbers of young men and young women starting businesses.
- Creating dedicated women’s business centres offering essential business information, networks, knowledge sharing, training and mentoring.
- Ensuring support and access to information, funds and resources for women who may wish to start their own company or develop their research or innovations.
- Lobbying to change the current legislation in areas of gender equality.
8 Future research

Many policymakers have pledged their support to entrepreneurs, putting them at the forefront of economic recovery efforts. Thus, understanding subtle gender similarities and differences among successful entrepreneurs in terms of background, education, motivations and entrepreneurs’ beliefs about key success factors offers important lessons on how to prioritise and design programs that encourage more high-growth businesses and thereby boost job creation, innovation and economic growth.

References


