Chapter 11: Challenges to the formalization of Palestinian female-owned home-based businesses

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Grace Khoury, Wojdan Farraj and Suhail Sultan explore the fact that female-owned home-based businesses (HBBs) are often characterized by underperformance, as many prefer to remain in the informal sector. In their study it is argued that few women attempt to formalize their HBBs due to the challenges associated with the legitimization process, leaving the majority preferring to endure constrained performance rather than to pursue the otherwise cumbersome alternative. The chapter’s aim is to investigate the challenges faced by female-owned HBBs in Palestine when seeking formalization and to highlight the initiatives provided by the various institutions to encourage these women to persist in their endeavours, and, possibly, to formalize. The findings demonstrate that the most challenging factors are of an institutional nature, both formal (weak institutions, tax policies and support services) and informal (socio-cultural constraints). Moreover, few successful initiatives were introduced by various institutions to encourage these women to formalize their HBBs.