

PRIVATE SECTOR AS CATALYST FOR PROVIDING INNOVATIVE SOLUTIONS

BARRIERS TO WOMEN'S PARTICIPATION IN WORKFORCE AND IN ENTREPRENEURSHIP

The Middle East and North Africa (MENA) region trails behind the world in women's economic participation due to low female participation in entrepreneurship, employment and corporate leadership. Deep and complex reasons underlie these economic gender gaps.

Entrepreneurship

There is a large gap between men's and women's access to assets and decision making in firms in the MENA region. **Only 23 percent¹** of firms are co-owned by women and a **mere 4 percent** of formal firms are majority-owned by women. Further, only a subset of women who own firms are the key decision-makers. In the Mashreq,² **only 3 percent** of formal firms are led by a woman, compared to **5 percent** across MENA and **19 percent** world average. For every female entrepreneur in MENA, there are **6 women who want to start a business but do not**. This is far lower than the world average, where **35 percent of firms** are jointly owned, and **16 percent of firms** are majority-owned by women. Gender based gaps in entrepreneurship persist because of:

Finance:

Women entrepreneurs who want to borrow are often seen by banks and investors as riskier as women are often unable to provide a collateral that is acceptable to banks for securing a loan due to their more limited asset ownership. Many banks and investors also believe that women have poorer financial literacy and business acumen.

Capacity:

Despite their educational advancements, women in MENA are less likely to have the professional experience, practical business expertise, technological knowledge and management skills needed to start, operate and grow a business. They also have less access to technology.

Networks and markets:

Because women face a physical distance from the market place, they can be held back by mobility constraints. These can be in the form of cultural norms or inadequate or unsafe transport options for women.

Legal Framework:

Some of these systemic constraints are the direct result of legal restrictions where in some countries women have to get permission from a male guardian to build credit and access institutions.

Employment

Despite their educational advancements, in the Mashreq **only 20 percent or one in five³ working age women work**, compared to **70 percent⁴ of men**. This compares to, for example, more than half of women in the EU working. **Only 13 percent** of the Mashreq's full-time formal workforce is female, compared to **19 percent⁵** in MENA and 33 percent world average. Where women work, they are concentrated in informal or lower-pay sectors. They are also underrepresented in high-rank positions.

ONLY 3 PERCENT OF FORMAL FIRMS in the Mashreq have a female top executive leading the firm, compared to **5 PERCENT** across MENA and **19 PERCENT** world average.

Some of the constraints women face in participating in the labor market are as follows:

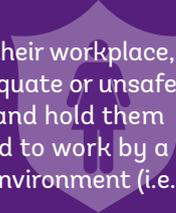
Family and Childcare:

When women in the region have children, entering or staying in the workforce becomes even more challenging as access to quality affordable and safe childcare is scarce.



Mobility and Safety:

Where women need to commute to their workplace, cultural norms in the region or inadequate or unsafe transport may limit their mobility and hold them back. They may also be discouraged to work by a perceived or real unsafe workplace environment (i.e. sexual harassment, bullying).



Capacity:

While women in the region present a high level of educational attainment, they might lack employer-relevant skills, due to gender-segmentation in areas of study. Women who aspire to senior job roles might lack the necessary leadership experience and related soft skills.



Legal Framework:

Legal restrictions in the Mashreq countries may also contribute to holding women back in the labor market. For example, several countries in the region have restrictions for in what sectors and hours women can work.



WOMEN-EMPOWERING BUSINESS MODELS MAKE SENSE

As a major employer and provider of business opportunities, the private sector has a critical role to play in helping to close the various gender gaps. Being an underutilized economic resource, women increased economic participation can contribute critically to the region's economic growth. It does so by enhancing productivity, competitiveness and growth of businesses and banks in this region.

Closing skill shortages and strengthening talent by tapping into the female talent pool

On average, it is estimated that around **400,000 young people** will enter the labor market in Lebanon, Jordan and Iraq, every year. The region's youth unemployment rate is very high, especially for women (**M: 22 percent⁶; F: 36 percent⁷**). Yet, substantial amounts of private sector vacancies remain unfilled annually. Deliberately attracting women can help strengthen talent, stabilize the workforce, and contribute to better business performance.

Accessing new markets by tapping into the underserved female borrower segment

Fifty-five percent of women-owned Micro, Small and Medium Enterprises (MSME) do not have access to credit, and **63 percent of formal women-owned SMEs** are under-served by banks' biases about their capacity and risk potential. This translates into an estimated credit demand by women-owned SMEs in MENA of **US\$ 50 Billion per year⁸** and for women-owned MSMEs in MENA of **US\$ 72 Billion per year⁹**. When financial institutions finance women-owned SME and female retail customers, benefits reach all.

Examples of Innovative and Viable Women-Empowering Business Models

Some firms in the Mashreq have benefited from gains associated with business models that leverage women as an economic resource and empower them. Below are some examples:



Retaining Workers Through Employer-Supported Childcare Solutions: Mas Kreeda¹⁰

MAS Kreeda Al Safi is the Jordanian manufacturing arm of MAS Kreeda, the activewear unit of MAS Holdings. The company has a production facility in Madaba which employs 406 workers who are nearly all female (92 percent). 18 percent of the facility's female workforce are mothers. Absenteeism and turnover of women due to cultural norms around the role of women in and outside of the home represent primary human resource challenges for the factory. To address this issue and to serve the children of mothers employed by MAS Kreeda Al Safi-Madaba, the company's on-site childcare center provides free, quality childcare, in addition to a space for breastfeeding mothers.



Apart from complying with the Jordanian law regarding maternity leave, the company instituted a series of family-friendly policies:

On-site childcare center: MAS Kreeda Al Safi-Madaba's childcare center serves 36 children and 30 mothers and employ five caregivers.

Support for breastfeeding mothers: The center provides mothers with a clean, private space to breastfeed on the factory grounds.

Health services: The company employs two nurses and one doctor, who are on-site every day, for basic care and screenings of employees as well as to the children enrolled in the childcare center.

Transportation: The company also provides transportation to and from the factory to all workers free of charge, including children who are enrolled in the childcare center.

Although still new, results have showed an impact on the business. Before the introduction of the childcare center, plant efficiency was at 36 percent in March 2017. After the introduction of the childcare center, plant efficiency went up to 41 percent in August 2017¹¹. There is a clear correlation, even if further research is required to explore the causal links. Over time, the company expects these benefits to further grow, furthering progress toward its goals for production and growth, as well as cementing its position as "employer of choice" for Jordanian women who want to enter the labor market.

Reaching New Borrowers with Financial Services to Women: BLC

In 2012, **BLC Bank and IFC's Banking on Women (BOW)** program collaborated resulting in BLC's Women Entrepreneurs Initiative (WE Initiative), under which gaps in women's access to finance were researched and a new customer value proposition — a set of products and services targeted toward reaching women in Lebanon with financial and Non-financial services.



The WE Initiative revealed that lending to women entrepreneurs enhances profit, generates growth and leads to service innovation. BLC's WE Initiative has yielded the following:

Customer insight: BLC Bank's research yielded surprising results: Women felt disrespected and they were distrustful of the banks. Although they were largely satisfied with BLC Bank's existing products, they wanted better support and more personalized services. This insight allowed BLC to design and launch targeted products and services.

Product innovation: A collateral-free loan, and a host of nonfinancial services (i.e. the Brilliant Lebanese Awards, business skill training, networking events, an online portal with information for women entrepreneurs) set a new standard for banking services in Lebanon.

Market growth: Between the end of 2011 and end of November 2018, the number of women SME borrowers increased by 66 percent, compared to 34 percent growth in the total number of BLC Bank's SME borrowers. BLC Bank's outstanding loans portfolio to women-owned SMEs increased by 54 percent. Over the same period, the deposits portfolio of women grew 77 percent, compared with the total bank deposits, which grew 31 percent.

Increased profitability: The annual growth rate and return on assets for the WE Initiative program and women clients consistently outperformed the men segment.

Reduced risk: Women proved to be reliable borrowers. The rate of nonperforming loans for women at BLC was 4.7 percent, substantially lower than the bank's overall rate.

Diverse and skilled labor: The number of women employees at BLC Bank has grown from 47 percent to 51 percent. This was a deliberate HR strategy pursued by BLC Bank as part of its Diversity and Inclusion efforts tackling the internal axis of its We initiative program to become the "Employer of Choice for Women" in Lebanon.

Global Examples of Innovative Women-Empowering Business Models

Development Through Disruptive Business Models in the Sharing Economy: Uber

In “Driving Toward Equality: Women, Ride-Hailing, and the Sharing Economy,” IFC combined data from the ride-hailing firm Uber Technologies with surveys of over 11,000 drivers and riders across six countries, mainly in emerging markets.



The findings are striking:

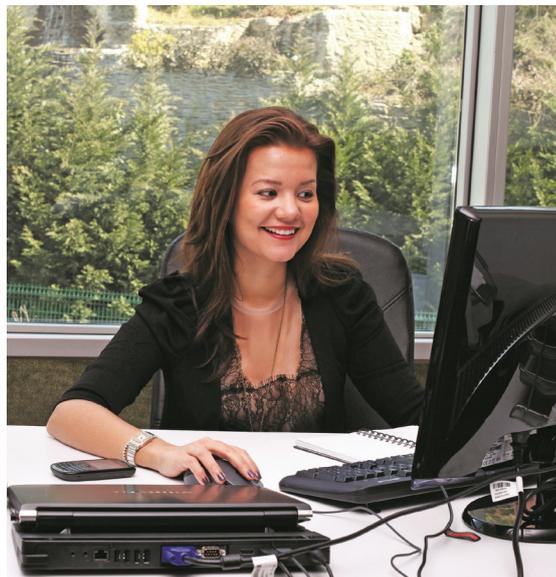
Women as drivers: Attracting and retaining more women drivers mean addressing safety and security-related issues: sixty-four percent of women drivers cite security as a reason that more women don't sign up to drive. Overcoming these challenges would help grow the ride-hailing market, both due to the increase in available drivers and the ability to better meet riders' demands for more women drivers.

Women as riders: Women represent over 40 percent of riders on average across the six countries¹². Yet women and men have markedly different usage patterns—for example, women use low-cost ride-hailing options such as UberPool more than men and they take more but shorter trips to a greater variety of destinations. Importantly, they are also more likely to benefit from increased mobility; for instance, just under a quarter of women riders surveyed say ride-hailing helps them feel more independent, compared with 18 percent of men. Approximately the same percentage say that ride-hailing allows them to reach locations they previously couldn't get to.

Opportunities and barriers: Perceptions about women as drivers/riders vary substantially across markets. For example, in Mexico where women make up the highest percentage of drivers in the markets studied, the support for women drivers is relatively at high levels. By contrast, in Indonesia over half of the male drivers say they would be unhappy if women in their families wanted to sign up to drive.

Protecting Women's Assets Though Tailored Insurance Solutions: AXA Insurance

Women now tend to earn more and have better control of their assets. Yet, women's ability to mitigate financial risk for themselves, their families, and their assets remains low. The insurance industry can play a major role in addressing this gap and earn up to 1.7\$ trillion by 2030 from women alone. **AXA Insurance** launched the “Women in Insurance Initiative” in several of its key markets. To that end, **AXA Mansard**, AXA's subsidiary in Nigeria, created a product specifically targeted at women-owned SMEs to better protect their business with access to fire and theft bundled with a money market fund which enables them to access additional funding for the growth of their business. Similarly, **AXA Sigorta**, AXA's subsidiary in Turkey, offers women entrepreneurs in Turkey a plan to cover women entrepreneurs and their SMEs in case of theft and equipment breakdown. It also provides assistance services such as IT and legal consulting, and a family life-balance component whereby a babysitter is arranged in a business emergency.



1. Unless other reference mentioned, data in the entrepreneurship section come from the World Bank Enterprise Survey (latest year available). www.enterprisesurveys.org

2. In this document, the Mashreq countries refer to Iraq, Jordan and Lebanon.

3. World Bank's World Development Indicators (WDI). Latest year available. data.worldbank.org

4. World Bank's World Development Indicators (WDI). Latest year available. data.worldbank.org

5. Unless other reference mentioned, data in the remainder of the employment section come from the World Bank Enterprise Survey (latest year available). www.enterprisesurveys.org

6. World Bank's World Development Indicators (WDI). Latest year available. data.worldbank.org

7. World Bank's World Development Indicators (WDI). Latest year available. data.worldbank.org

8. Source: IFC SME database, World Bank Enterprise Survey

9. Source: IFC SME database, World Bank Enterprise Survey

10. For more information visit www.masholdings.com

11. Tackling Childcare, The Business Case for Employer-Supported Childcare: Mas Kreedaa Al Safi Madaba

12. Covered in the Driving Toward Equality: Women, Ride-Hailing, and the Sharing Economy” study