

# ARIES

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Assistance to  
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Jordan  
Small Business Development Project  
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4. DEVELOPING FEMALE ENTREPRENEURSHIP IN JORDAN

CHAPTER BY

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## DEVELOPING FEMALE ENTREPRENEURSHIP IN JORDAN

The objectives of this section of the report are to make recommendations and suggest strategies for promoting female entrepreneurship in Jordan. The chapter is divided into two sections: (1) introduction and background, and (2) conclusions and recommended strategies for enhancing female entrepreneurship, including an inventory of potentially competitive female business opportunities.

### I. Introduction and Background

In 1985, women constituted 12.5 percent of Jordan's official labor force, with the proportion of women highest in the financial and social services sectors. Actual numbers of employed women are probably much higher if self-employment and unpaid labor in family establishments and on family farms were included. With the country's high birthrate, one would also speculate that there is a good deal of movement by Jordanian women in and out of the labor force.

The largest number of women employed in the Jordanian economy are in professional and clerical jobs. Thirty-five percent of the professions are made up of women and 36 percent of clerical jobs are taken by women. Over half of female workers are teachers, according to the Department of Statistics Labor Force Survey of 1975, and 71 percent of female workers were employed in public administration and services. This is consistent with the fact that Jordan has a service-dominated economy and that women are often encouraged by family to enter service-oriented professions.

The industrial sector absorbs the second largest concentration of female workers with 20.5 percent of female workers involved in textiles, food processing, ready-made clothing, and chemical industries. However, women represent only 6.6 percent of the total workers in industry with almost one-third of those females holding administrative positions. The Labor Force Survey also reports that over half of the total female workers in the industrial sector are self-employed as seamstresses and weavers. Women are also found in banking (30.5 percent), tourism (23.2 percent), hotels and restaurants (5.3 percent), and commerce (7 percent).

Boutiques, pharmacies, and beauty salons are the establishments women are most likely to own in Amman. Women also work in family bakeries and own 5 percent of Amman's taxis, hiring men to drive them.

## II. Conclusions and Recommended Strategies

Based on interviews, observations of small businesses, review of documents, and a pre-test survey of 50 entrepreneurs which was conducted during the consultancy, conclusions and recommended strategies emerged about Jordanian women and the approaches required to enhance their participation in small-scale

enterprise. The conclusions in this section are largely consistent with those arrived at during the Phase I design of the Small Enterprise Development Project Report (April, 1987). Where data on Jordan are not available, this report draws upon relevant and culturally appropriate conclusions from donor experience with women's income generation and employment in other countries.

#### Research on Entrepreneurship

Finding: There is almost no research or documentation on female entrepreneurship in Jordan.

Research on small business and entrepreneurship in Jordan has not been the subject of large-scale formal research. The 1976 Industrial Development Bank (IDB) study of "The Small Scale and Handicraft Industries in Jordan" and the 1984 "National Village Inventory" are among the few studies conducted. Even less is known about female entrepreneurs. The National Village Survey found women involved in production of traditional handicrafts, including sewing and embroidery. The IDB survey does not even mention gender and one has to assume that all 640 firms surveyed were operated by males. Several smaller studies on women's economic roles have been done by the Queen Noor Al-Hussein Foundation and the Urban Development Department of the Municipality of Amman.

Recommendation: A systematic research agenda on the economic position of women needs to be identified and drawn up.

USAID should sponsor some of this research directly and also support the research efforts of other agencies on both male and female small-scale entrepreneurs. To the extent that the constraints facing women and those facing men are the same, the approaches can be the same; dissimilarities will require distinct

approaches. In the interim, lessons learned from donor experience in other countries with similar problems should be used as guidance.

Key ingredients for a research agenda in Jordan should include:

1. Women's productive and reproductive activities and responsibilities should be included. This should include analysis of women's existing income sources, incentives to undertake new activities, and their time constraints. Women's reproductive roles should not be ignored since during pregnancy and immediately following pregnancy women must at least temporarily leave the labor force. Child care responsibilities also place severe constraints on the economic roles that women can assume.
2. Ways in which women can be organized to increase their economic participation are very critical. Very little is known about how women organize into informal groups and whether these groups might form the basis of a business development strategy. Because of societal values which stress the reproductive role of women, this is particularly important for identifying mechanisms to reach women.
3. A distinction should be made at the conceptual and data gathering stages concerning the differences between formal sector activities and informal sector activities. The participation of women in productive economic activities is most likely skewed in the direction of the informal sector where, such activities are likely to escape the notice of Government statistical indicators.

#### Social Welfare Orientation

Finding: Approaches to increasing female participation in national development have tended to be separate, women-oriented, social welfare programs implemented by private voluntary and non-governmental organizations (PVOs and NGOs) with some GOJ support.

Recommendation: Long-term objectives should be to integrate women into the mainstream of the productive sector delineated in

Jordan's national development plan, although women-specific initiatives may be necessary initially.

Mainstreaming is also more effective at the project level. An example of this approach would be to integrate women into existing credit institutions instead of trying to start a separate credit institution for women. An evaluation of 97 USAID-funded projects randomly selected from a total of 416 during the 1973-85 period concluded that:

"....mainstream projects that ensure women's participation in proportion to their roles and responsibilities within the project's baseline situation are more likely to achieve immediate purposes and their broader socioeconomic goals than are projects that do not."  
(Women In Development: AID's Experience, 1973 to 1985, Vol. I Synthesis Paper, Washington, D.C.: USAID, 1987, p.xiv)

Recommendation: Organizations which include women in business should be encouraged to extend their activities to support and promote female entrepreneurship.

The Business and Professional Women's Club has a number of women who are in business either as entrepreneurs or as practicing professionals. Such a group has the potential to become the focal point for advocating and promoting women as small business proprietors. The leadership of the Club has the political connections and professional expertise to play an effective role if given proper encouragement. In Kenya the local chapter of this group sponsored an inexpensive series of elementary workshops for women on the legal requirements of going into business, such as registration procedures, tax reporting, getting an import license, etc. The expertise for this series of workshops came from in-house lawyers and government officials.

The cooperative organizations are widely spread through the rural areas where a high proportion of economically active women

reside. These organizations may be able to play a key role in encouraging women in business and to provide necessary services such as provision of inputs and marketing.

While the RRNA team was in Amman the Lord Mayor announced that a weekly market was being set up for women to sell their goods. This is a positive step in integrating women into business activities and should be encouraged.

### High Birthrate

Finding: The high birthrate will influence women's availability for full participation in the formal labor force for some time. Training costs for women may be higher because of their movement in and out of the labor force.

Recommendation: Any program initiatives or project interventions directed toward women should take into account the life cycle.

Women typically go through an interval in their life following the completion of education, and before marriage, when they are more mobile and can work outside of the home with relatively few restrictions. Following marriage, women face increased social pressures to stay at home, and any outside employment is influenced by child-bearing and child-rearing responsibilities.

Young unmarried girls are more mobile and can be trained for outside employment. Women of child-bearing age will often prefer home-based work which they can perform in combination with child care and other home responsibilities. Several successful examples of projects which acknowledge this principle include one sponsored by the Urban Development Department (UDD), an ad hoc agency attached to the Municipality of Amman to assist low-income urbanites, and the Save the Children weaving project at Jarash.



The Ford Foundation and Population Council funded a study of time allocation among 300 UDD women and found many were doing embroidery and sewing which could be picked up and put down easily, required no formal training, and had the male household member's approval (R. Salti, Save the Children, Amman, personal communication, July 14, 1987). In the Jarash weaving project, women also work at home, and inputs and products are delivered to and collected from the home.

Recommendation: Formal labor force participation by women should be encouraged because of the probable effect in lowering birth-rates.

Experience in other countries indicates that formal sector employment of women decreases birthrates because of the inconvenience and costs associated with children and child care. The phenomenon does not occur with informal sector employment nor in agricultural employment. Increased education also has been shown to have an independent effect in lowering birthrates.

Recommendation: Child care facilities are essential to allow women in the child-rearing stage of life to be able to participate in work outside of the home.

Child care within the home is expected to grow less available because of the Government policy of taxing the use of foreign housemaids. If child care is not available at a reasonable price, women will be discouraged from seeking employment or starting businesses outside of their homes.

#### Competition for Jobs

Finding: Pressures are increasing on women to stay out of the labor force.

Female labor force participation climbed when males migrated to other areas of the Gulf for oil boom employment. During this period large numbers of women obtained employment in Government service. With the downturn of oil-based Gulf economies, many men have returned to seek jobs in Jordan. This has led to competition between females and males for jobs, with the implicit policy that preference should be given to men.

There is increasing pressure to segregate the work place or to deny employment to women since some people do not consider it proper for the sexes to mix in the work place. Concern is also expressed by men that their wives or daughters would associate with other men in the work environment.

Recommendation: Promote self-employment among women to reduce apparent competition with males for jobs.

Currently many women work in the public sector, which is not a growth area. It is reported that approximately 16 qualified female graduates file applications for each civil service job which opens. AID should capitalize on the thrust of the current five year plan to "...encourage the establishment of small, medium-scale and cottage industries suited to local conditions in the various regions" (p.122, Summary of Five Year Plan). Such enterprises can create employment and income for women and can often be combined with their domestic responsibilities.

#### Business Start-up

Finding: There are few role models of successful Jordanian businesswomen.

The entrepreneurial culture which encourages young girls to aspire to formal business ownership has not developed fully. Only a handful of large-scale businesses are owned and operated

by Jordanian women, often as a result of death of the husband. Only 4 of the 50 firms surveyed during the consultancy were female-owned. These were small enterprises averaging 4.5 employees each with a range of 1-9 workers. Of the four, three were owned by women who came from the West Bank or had lived elsewhere in the Gulf.

Finding: Female entrepreneurs tend to begin small businesses on a part-time experimental basis, registering and expanding the business later if it is successful.

This finding came from research done in the governorates in 1987 by Nadia Atif, under sponsorship of the Queen Noor Foundation. This would imply a good deal of trial and error in isolation as women search for the right mixes of resources. Most women, it should be pointed out, are working because of family need in the face of pressures from more conservative forces, as well as government, to stay at home.

Recommendation: Replicable businesses for educated women should be identified and publicized.

A replicable business is a market-tested business system which can be readily duplicated and which would dramatically improve the survival chances of a start-up business. The concept of replicable businesses is explained more thoroughly in the credit report. The advantages to such businesses are their proven management systems, marketing systems, access to needed inputs and facilities, and tested personnel systems. Credit must be made available where required to supplement limited equity to encourage purchase these businesses. Replicable businesses might include dry cleaning, floral shops, clothing shops, accounting services, temporary office help, and food establishments. Other possibilities are identified in the inventory of business possibilities elsewhere in this paper. Government regulations

and import restrictions should be carefully researched to identify only economically viable replicable enterprises.

Recommendation: The use of business incubators should be explored as a means of encouraging female entrepreneurship.

A business incubator is a location where space can be rented and technical assistance as well as shared support services are offered on site. To make this concept available to women, child care facilities should be included as part of the site services. This relatively recent technique has been successful in the U.S. and Europe and has been attempted successfully in a few LDC locations. The concept has provided a link between university business experts and the business community. This link would be of great benefit to Jordan as the following section explains.

#### Educational System

Finding: The Jordanian educational system does not encourage the development of entrepreneurship.

The Five Year Plan, 1986-1990 states that both girls and their parents prefer academic studies to vocational education at the secondary level. At the community college level, they select educational and commercial studies, while concentrating on social sciences and humanities in the universities (p.197). However, even university training in business is theoretical with little chance for internship and practice in real situations.

Recommendation: Education for females and males needs to be re-oriented to encourage problem-solving approaches and to provide opportunities to practice skills learned in the classroom in real life settings.

Recommendation: Professional and business women should be encouraged to take a visible role in the schools to provide school girls with a role model.

The Business and Professional Women's Club could provide speakers for school classes on what they do in their business or profession. Another possibility might be for women in businesses or profession to accept young girls as work study students or interns as a means of acquainting them with possible careers in business or the professions. The cost would be nominal and the USAID role would be more of encouragement than providing resources.

#### Agricultural Development

Finding: The agricultural sector accounts for a high proportion of female economic activity in the country.

The agricultural sector provides employment for 90 percent of all women working in rural areas. The 1975 Agricultural Survey reported that 32.3 percent of agricultural workers were female, with an even higher percentage in labor-intensive irrigated cultivation. According to data available, about 85 percent of women in the agricultural sector are unpaid laborers with paid workers consisting primarily of seasonal workers. Half the female agricultural labor force participates in reaping and manual labor, 10 percent prepare land, and 25 percent raise poultry and small livestock.

Recommendation: Any agricultural development program sponsored by USAID should take into account the role played by women in the labor force and provide ways for women to get access to project resources.

Rural women require different programs from urban women to take into account their agricultural responsibilities, incentives, and resources.

Recommendation: The role of women as agricultural field labor should not be given program emphasis as a means of encouraging female entrepreneurship or employment.

Between 1961 and 1979, employment in the agricultural sector declined two-fold in contrast to the services sector which increased four-fold in terms of employment. Future mechanization in agriculture implies that demands for traditional agricultural labor will decline even further. However, if the Government were to change its policy toward foreign workers and indigenize the labor force, this might result in women replacing agricultural guest workers in the short run. All of this implies that traditional agricultural field labor is not a sector in which to promote female entrepreneurship or employment.

Recommendation: Small agricultural enterprise and agri-based processing should be explored.

Rural women often have the skills and resources to do small-scale plant and animal production, processing, and preservation. Areas for potential promotion include medicinal plants and herbs, dairy products, flowers, indoor plants, animal production, and beekeeping. Further, rural women in the National Village Survey earned income from sewing and embroidering. Marketing must be carefully considered before undertaking any of these rural enterprises since lack of marketing expertise is often the major weakness of this type of program.

In general, the AID evaluation of women in development (WID) projects found that income-generating projects for women rarely

reached their objectives, primarily because of a wide gap between identifying women's needs and designing viable projects. In particular, home sewing and food processing for income is sometimes viewed by WID specialists as a step backward. However, thoughtfully designed income-generating projects may be appropriate for Jordan because of women's need for part-time employment that is compatible with their child care and home responsibilities. Obviously, such projects should be supplemented by appropriate credit and marketing components.

#### Pre-Entrepreneurial Needs

Finding: Before any major effort is made in promoting female entrepreneurs, work must be done to prepare women for an unaccustomed role.

Even relatively educated Jordanian women may be unprepared for the work force because of the type of education they have received and their lack of prior job experiences. The AID-funded Mafraq uniform sewing project for women, implemented by Catholic Relief Services, found that women needed training in punctuality, productivity, and on-the-job demeanor.

Recommendation: Any strategy to promote female entrepreneurship must be long term with only marginal gains to be expected in this generation of women.

The female entrepreneurial spirit is in a fledgling stage and requires nurturing in view of the economic recession, the trend toward religious conservatism in the area, and high unemployment rates among males.

Recommendation: Programs aimed at assisting women to become entrepreneurs should commit a significant proportion of resources to screening and pre-qualifying.

Not all women are potential entrepreneurs, particularly in a society where they have occupied service positions in the government, do not have female entrepreneurial role models, do not typically have job training as part of their education, and are not widely represented in Jordanian enterprises. Therefore it makes sense to screen for high levels of the need achievement, a trait generally associated with successful entrepreneurship.

Recommendation: USAID should continue to coordinate with the ILO and encourage the ILO to pursue an experimental entrepreneurship development training program.

The ILO has run entrepreneurship development training classes in a number of countries. One of the special groups which has been included in these programs is women. Participants are pre-selected on the basis of personality types which have been shown to be successful in entrepreneurial situations. Motivational training, skills training, and post-training support are given to participants. Results have shown that a high proportion of the trainees later successfully establish businesses.

### Policy Impacts

Finding: Female entrepreneurs and the informal sector businesses are generally at the economic margins where they are among the last to be affected by policy initiatives.

The informal sector small businesses and female-owned businesses are more likely to be unregistered, intermittent, and not situated in a regular business location. These businesses therefore tend to be less visible to Government officials and even to mainstream businesses. In effect, the problems and



obstacles facing female entrepreneurs are substantially the same as those facing the informal sector businesses.

This means that fewer, if any, programs are targeted toward these groups. A program such as providing financing of fixed assets for small businesses would not be appropriate for informal sector businesses who would therefore not benefit from any program directed at providing such services. For example, the Industrial Development Bank credit program directed toward small businesses did not extend to the point where female entrepreneurs participated in the program.

One of the implications of this is that female entrepreneurs can be used as a highly visible marker group to determine whether a program has had substantial impact. Since females are the residual group to be affected by a policy or program, if there has been an impact on females, the program has most likely had a much broader impact. Thus, the female entrepreneurs can be used to monitor overall impact of the policy or program.

Finding: While there are some regulatory issues which affect women differently from men, the overall regulatory climate is not hostile to female entrepreneurs per se.

The regulatory constraints faced by women, with some notable exceptions, result from the size of the business rather than because they are female owned. All small businesses face problems with the administration of the tax code, not just female-run businesses. All small businesses face problems with price controls, not just female-run businesses. All small businesses have problems with whimsical enforcement of government health and standard measures regulations, not just female-run businesses.

Some of the policies and business practices which have a particularly negative impact on women include the following:

- . Joint property which is held by a husband and wife is generally registered in the name of the husband. This means that without the permission and cooperation of her husband, the woman does not have property which can be mortgaged to obtain business credit, even though she may otherwise have sufficient equity to justify a loan.
- . A spouse allowance is given in the income tax code which allows a deduction for a non-working wife. If the wife enters the labor force or starts her own business this exemption is lost and the tax burden on the household increases.
- . Labor laws restrict the types of work that can be done by women and the hours they may work. The same code calls for child care facilities if more than 20 women are employed in the business. While the intention of this labor code is laudatory, the practical impact is that employers prefer to not hire women so as to avoid incurring these legal obligations.

Recommendation: Policy dialogue concerning revision of policies and regulations which affect female entrepreneurship should be conducted within the overall framework of facilitating small business development -- not as a separate set of discussions.

Finding: Social attitudes are a much more formidable constraint on female entrepreneurs than is the regulatory environment.

Men are often loath to have their wives or daughters in a work place where there are other men. This discourages the employment of women. Social attitudes prevail that women should stay at home and care for the house and children after marriage. The overall impact of these social attitudes is more compelling than is the regulatory environment.

Recommendation: Any USAID effort to encourage female entrepreneurship should be low key and should be aimed at targets of opportunity.

An aggressive campaign to promote female entrepreneurship would be viewed as strident and might end up as self-defeating. The overall strategy should be aimed at integrating women into existing programs (mainstreaming) and influencing social attitudes for future generations.

#### Business Opportunities

Finding: Most of the income-generating programs directed at women have stressed production skills rather than marketing.

A traditional approach to women's economic contributions which has been used in Jordan as well as elsewhere is to expand the traditional skills of women into an income-generating project. This has led to a number of stitching, embroidering, and weaving projects. Although a number of beautiful products are turned out, the market demand for this kind of product is limited and in many cases full cost recovery is not possible.

Recommendation: USAID should stress marketing for approval of women's income-generation projects.

Projects which are not market oriented are doomed to failure and perpetual dependency. Part of any women's income-generating project should be a solid marketing plan. This reverses the traditional approach of concentrating on skills that women have and trying to upgrade these skills to make products for sale. This leads quickly to market saturation and unsold inventory. The recommended strategy is to identify markets which have not been satisfied and to train women to produce for these markets.

This is a market-led approach which has been much more successful.

Recommendation: As a means of reaching female entrepreneurs, a strategy should be pursued which targets sectors where women are, or have the potential to be, economically active.

Female business owners are not a homogeneous class and therefore programs aimed at female entrepreneurs are not particularly effective. A recommended strategy is to aim any assistance program at a particular sector where there are opportunities for women. In Jordan relatively little has been done in identifying areas where women are economically active or have the potential to be active. Part of the USAID strategy should be to assist in identifying these sectors and the business opportunities which are particularly appropriate for women.

Following is a list of areas which should be investigated to determine the potential for female entrepreneurs.

#### Agri-businesses

Herbal tea production and marketing

Dairy production

This is an area of traditional female responsibility. Production of local cheese is done by women. There may be some possibility of reprocessing locally made cheese and packaging and marketing it through urban food stores where traditional local cheeses are not now sold. This situation is analogous to the development of processed cheese in the U.S. market. Small local cheese companies were not able to gain access to the marketing and distribution channels to sell cheddar and other varieties. Kraft Food took the lead in developing Velveeta, which was made by buying the surplus cheese from many small cheese factories and reprocessing it. The new product was packaged and sold in supermarket chains which were not available as outlets to small cheese factories. Because of this outlet for cheese, many small cheese factories were able to stay in production.

**Beekeeping and honey**

Honey is not subject to price controls.

Raising and marketing house plants  
 Raising and marketing flowers  
 Canning and pickling

Home Enterprise

Broom making  
 Custom tailoring (especially for other women)  
 Cosmetic sales door to door  
 Children's clothing (piece work or custom production)  
 Telephone sales  
 Catering  
 Home upholstery  
 Photography  
 Weaving (piece work or custom production)  
 Child care center  
 Maid and cleaning services  
 Children's toy production  
 Candy production  
 Insurance sales

Outside Businesses

Video cassette rental  
 Accounting and bookkeeping  
 Confectionery production  
 Wedding services  
     Flowers  
     Make-up  
     Catering  
     Photography  
     Dress making

## Temporary secretarial services

This would cater to businessmen staying in local hotels, businesses which have temporary needs because of sickness or vacation, conventions, etc.

Legal assistance  
 Home nursing assistants  
 Data entry  
 Word processing