

The Impact of Neoliberal Reforms on Female Entrepreneurs in the Middle East and North Africa

Research Paper

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Introduction

The exclusion of women from the economy results in a country loses labour force and hampers its (potential) economic development and prosperity. Nevertheless, the participation rates of women in the market are often much lower than those of men, especially in the Middle East and North Africa (MENA). Women face socio-cultural barriers that restrict their individual freedoms in several areas, for instance their access to education and the (global) market. Their subordinated role towards men is established in various aspects of life: society, economy and politics. At the same time, MENA countries are facing challenges imposed by high youth unemployment and the need to catch up with the global economic progress to stay competitive. Diversification of the economy is one of the main goals in order to keep up with the global economic developments. Diversification means also including more women into the labour market since they often approach challenges of the market different than men. As the United Nations Development Programme (UNDP) (2016) points out: “No society can progress by restricting the capabilities and opportunities of half its people” (32). Estimations suggest that “if women were to participate in the economy on par with men, their contribution would add \$28 trillion, or 26 percent, to the global economy in 2025. This is roughly the combined size of the economies of the U.S. and China today” (Assi 2016). Neoliberal reforms intend to increase the competitiveness of a market by making it accessible for everyone. Is this actually the case or do neoliberal reforms increase the gender gap in MENA countries? The claim that I want to investigate is that neoliberalism impacts on the (economic) opportunities of women within the socio-cultural context of their countries. In other words, **how do neoliberal reforms impact on female entrepreneurship in the Middle East and North Africa?**

The economic and demographic developments of the MENA region illustrate that a transformation towards increasing importance of the service sector and new opportunities through a growing female labour force are a chance for economic and social development in the MENA countries. Looking at the region’s demographic development over the last 60 years, one can see that the share of the population under 30 years represents up to three-quarter (Ansani & Daniele 2014: 1250013-8; Malik & Awadallah 2011: 2). High rate of population growth caused and still strengthens this development. Hence, there are more people in working age than in dependent age (Ansani & Daniele 2014: 1250013-7). This leads to a relatively young population structure. Unfortunately, the MENA countries are not profiting from this demographic structure. Instead, these countries have some of the highest youth unemployment rates in the world (ibid.: 1250013-7, 8; Malik & Awadallah 2011:2). The educational levels and

the distribution of education increased remarkably over the last 60 years in the MENA region so that there is a great educated potential labour but not enough jobs due to the underdevelopment of the private sector (ibid.: 1250013-13; ibid.: 3). To sum up, one of the main issues is that rising educational levels among a young population do not lead to improved social mobility or employment. Additionally, women are massively underrepresented in the labour market. Hence, they are often “labelled an ‘untapped resource’ in the region” (Ennis 2018: 10). In 2016, “women contribute[d] only 18 percent of the GDP and represent[ed] just 24 percent of the workforce” in the MENA region (Assi 2016).

As looking on all MENA countries would mean to go extremely in depth or staying at the surface to cover the differences within the region, this thesis will concentrate on three different countries. For the choice of the countries, it is suitable to select countries that introduced neoliberal reforms quite early and promote the inclusion of women into the labour market. Thus, the three North African countries Egypt, Morocco and Tunisia seem to be reasonable choices. On the basis of these countries, two case studies develop at the end of the thesis. The first case study examines discrimination within the labour markets towards women. How has the implementation of structural adjustment programs influenced the situation of women in the labour market? How does a growing informal sector illustrate the complexity of labour in these countries? The second case study investigates female entrepreneurship in the formal sector. It will answer the questions: what are the restrictions that new entrepreneurs face in Egypt, Morocco and Tunisia? How do financial inclusion projects and especially microfinance institutions create new opportunities for female entrepreneurs?

A feminist critical political economic perspective on the research question seems reasonable since the research question is about a certain social group – women – that faces discrimination through the structure and characteristics of their society and political economy. Although, the chapter Theory and Methodology will discuss the theoretical framework more in detail, I want to describe two of the main ideas concerning the socio-cultural position of women here. Women are confronted with “social organisational barriers” and “gendered employment practices” (Metcalf 2008: 89, 90). The former describes all kind of social (traditional role models), economic (access to finance), legal (limited protection by laws) and political (underrepresentation in politics) barriers that women are facing when they wish to enter the market. “Gendered employment practices” means that women are pushed towards certain kind of jobs, for instance in the service sector, and that female labour experiences less esteem (ibid.).

The following is divided into six chapters. The first chapter Literature Review gives an overview of the relevant literature concerning entrepreneurship, gendered labour practices and neoliberalism. The chapter Theory and Methodology describes the limitations concerning the available data and develops the definition of entrepreneurship which the case studies use in this thesis. The next part (Historical Perspective: Neoliberal Reforms in Egypt, Morocco and Tunisia) describes the implementation of structural adjustment programs in Egypt, Morocco and Tunisia. The following two parts are the case studies about Case Study 1 – Discrimination with a sub-chapter about The Informal Sector and about Case Study 2 – Formal Entrepreneurship with the sub-chapter Financial Inclusion. The paper concludes with some reflective remarks.

Literature Review

Entrepreneurs become a necessary component of employment provision in the private sector (Ennis 2018: 3). The OECD (2014) published data which reveals that relatively more men and women are engaged in entrepreneurial activities in the MENA (12% of women and 31% of men) than in the OECD countries (5,9% of women and 10,8% of men) (55). Hence, the literature review starts with a discussion of the term entrepreneurship. The next section answers the question: what kind of gendered labour practices does the literature identify as a crucial hindrance for gender equality in MENA? Finally, this review explores the term neoliberalism and the impact of neoliberalism on women.

Entrepreneurship

Defining entrepreneurship and, thus, what an entrepreneur actually is, is a complex task and the literature does not give a clear answer. Brush and Cooper (2011) encourage researchers to a wider understanding of entrepreneurship. “Entrepreneurial behaviour can occur in a family firm, in a corporate setting or in a non-profit organisation” (Brush and Cooper 2011: 4). Hébert and Link (1988) point out that one usually envisages entrepreneurs as energetic, well-educated and creative men around 30 years of age who are looking forward to taking a risk for economic success (39). And Ehrlich (1986) describes them as “symbols of individualism, drive, and intuition, they are the embodiment of our romantic view of capitalism” (in Hébert and Link 1988: 39). Nevertheless, it is important to challenge the assumption that male and female entrepreneurs, or different populations, for instance, do not differ in certain aspects (Brush and Cooper 2011: 3). This means that it is necessary to be critical about one’s picture of entrepreneurs and to allow alternative views to influence the analysis of women

entrepreneurship in the MENA. Moreover, to understand women entrepreneurship properly, not only in the MENA, Brush and Cooper (2011) suggest considering that entrepreneurship theories might not be gender neutral (5).

Hébert and Link (1988) identify diverse understandings of entrepreneurship and roles of entrepreneurs in the literature. They define an entrepreneur as “someone who specialises in taking responsibility for and making judgemental decisions that affect the location, the form, and the use of goods, resources, or institutions” (Hébert and Link 1988: 39). Additionally, they understand entrepreneurship as “the actions of a risk taker, a creative venturer into a new business or the one who revives an existing business” (ibid.: 39). Gümüşay (2013) provides a slightly different definition. She describes an entrepreneur as someone who recognises and uses (new) opportunities and resources in an innovative manner, and acts despite of risk and uncertainty (Gümüşay 2013: 200). The question arises what the most significant and decisive characteristics of entrepreneurship are: Uncertainty and risk? Innovative thinking? Another important factor to consider is the role of wealth. Does wealth play a role? Do entrepreneurs form their own social class or are they spread throughout society? (Hébert and Link 1988: 44). A clear definition is necessary to define the focus of the analysis of women entrepreneurs in Egypt, Morocco and Tunisia.

Schultz (1980) is very critical about the importance that is ascribed to risk since every (market) activity is affiliated to risk. Instead, he concentrates on the economic value of entrepreneurial behaviour and her ability to perform. “This [economic] value accrues to them as a rent, i.e., a rent which is a reward for their entrepreneurial performance. This reward is earned” (Schultz 1980 in Hébert and Link 1988: 45, 46). Joseph Schumpeter argues that the entrepreneur as the “*persona causa* of economic development” creates economic development by starting, expanding, innovating and running businesses (ibid.: 43). Israel Kirzner holds the opinion that “capital or imagination” are no necessary requirements for an entrepreneur. Instead, the most essential characteristic of an entrepreneur is “a sense for business” (ibid.: 47). A sense for business does not require wealth, although wealth is useful (but not necessary) to start a business in the first place. Furthermore, this means that entrepreneurs do not belong or form a single social class. On the contrary, they can be found in all social classes.

Mathew (2010) clarifies that entrepreneurs can also appear in the informal sector (165) which de Groote et al. (2017) define as the part of the economy that “[comprises] enterprises and employees that are not formally registered” (89). Abid (2016) points out that the informal sector

is not homogenous (571). Williams and Kedir (2018) define informal sector entrepreneurship “as starting-up and/or owning and managing a business venture which does not register with and/or declare some or all of its production and/or sales to the authorities for tax, benefit, and/or labour law purposes when it should do so” (156). Typically, informal entrepreneurs are, for instance, food vendors. Moreover, it is important to be aware that enterprises sometimes move from the informal to the formal sector. Williams and Kedir (2018) found out that 21.2 percent of the formal enterprises started-up unregistered according to their collected data between 2006 and 2014 (160). Moreover, in Tunisia, for instance, “the informal sector has been measured as nearly half the Gross Domestic Product in recent decades” (Bond 2011: 482).

Moreover, de Groote et al. (2017) distinguish between growth oriented and survivalist entrepreneurs. Where the former has a male and the latter a female majority. The growth-oriented entrepreneur faces, among others, primarily financial and educational barriers to entry the market. In addition, these entrepreneurs have a (well-) developed business strategy and are attached to national (and international) business networks (ibid.: 90). In contrast, for survivalist entrepreneurs, the barriers to entry are low because they require less capital and only low levels of skills and technological equipment to start their business. Instead of business networks, family networks and relations play an important role. A major contrast between these two kinds of entrepreneurs is their attitude towards risk. While growth-oriented entrepreneurs are open towards risk, survivalist entrepreneurs are risk-averse because they are highly personally dependent on their business (ibid.: 90). De Groote et al. (2017) introduce another interesting aspect: the “risk-diversification strategy” (91). Instead of focusing and expanding, for example, a single product, the entrepreneur tries to diversify its business by, for instance, having more (but less developed) products. Thus, if one product fails there are still other products as sources of income. As a result, the entrepreneur minimises the risk of losing her basis of livelihood.

Welter (2011) introduces the importance of contextualising entrepreneurship. Although, Welter (2011) concentrates on the former Soviet Union as a case study, her findings have important applications for this thesis. She argues that social, spatial, institutional, and societal contexts are important to understand economic behaviour. Furthermore, these contexts create the entrepreneurial opportunities, but also dictate the limitations for entrepreneurial activities (Welter 2011: 165). Gartner (1995) warns not “to underestimate the influence of external factors and overestimate the influence of internal or personal factors when making judgements about the behaviour of other individuals” (in ibid.: 165). The significance of external factors results from the changing frameworks for entrepreneurial activity across time and space (ibid.: 165).

An example for an external factor is gender roles in a society or the dominance of a religion, like Islam. Thus, entrepreneurship could function as an alternative arena as it has the potential to empower¹ women economically. This means that entrepreneurship could assist the process of bottom-up empowerment of women in MENA countries.

Atia (2012) and Gümüşay (2013) introduce an Islamic² perspective on entrepreneurship and neoliberalism. Atia (2012) introduces the term “pious neoliberalism” which describes “the discursive combination of religion and economic rationale in a manner that encourages individuals to be proactive and entrepreneurial in the interest of furthering their relationship with God” (809). Gümüşay (2013) raises two further points concerning an Islamic perspective on entrepreneurship. First, Islam can be seen as a religion that encourages and supports entrepreneurs since it emphasises the importance of “opportunity pursuit, risk-taking and innovation” (Gümüşay 2013: 203). Second, an entrepreneur is supposed to act according to certain norms and values (defined by Islam). This means that an Islamic definition of entrepreneurship includes socioeconomic and ethical criteria (ibid.: 200). To sum up, entrepreneurial thinking and Islam are not contradictory and competing but complementary.

Gendered Labour Practices

The valuation of women labour is a critical issue, especially in the MENA. O’Brien (2013) points out that “workers are gendered and experience the world through diverse sets of gender relations” (56). This is not an issue specifically related to women but also to ethnicity, religion and others. Nevertheless, this thesis concentrates on women facing the issues and experiences of gender relations. In general, women are confronted with higher barriers to access education and health services, as well as less economic opportunities and lower payments. Hence, structural adjustment policies have a greater impact on women than on men because reduction of public services is more severe for women than for men. The under-representation of women in politics intensifies these issues (O’Brien 2013: 56). Additionally, feminisation often equals devaluation; meant by this is that most societies associate female characteristics with less value than male characteristics. Therefore, “feminisation of the labour market” is not necessarily positive. An increasing number of women participating in the labour market means that

¹ UN Women define empowerment as follows: “people – both women and men – can take control over their lives: set their own agendas, gain skills (or have their own skills and knowledge recognised), increase self-confidence, solve problems, and develop self-reliance. It is both a process and an outcome” (UN Women 2011: 11).

² Islamic means “the declaration of belief in the one God and that Muhammad (peace be upon him, pbuh) is the messenger of God” (Gümüşay 2013: 200).

conditions which are seen as an “appropriate form [for] female work” are implemented, such as casual, informal, insecure, part-time and low-waged employment (ibid.: 56).

Mathew (2010) confirms O’Brien’s arguments and stresses that limited opportunities for women are especially a problem in the MENA region where women experience lower appreciation in every aspect of life (85). Additionally, female stereotyping influences which jobs women can enter due to categories, such as jobs that are appropriate for women and jobs that are appropriate for men (Mathew 2010: 171; Metcalfe 2008: 87). Nevertheless, Metcalfe (2008: 89) and the OECD (2014: 40) point out that the participation rate of women in the labour market increased enormously. However, this process is distributed very unevenly among the region. Women are mainly in the service sector which leads back to the issue of stereotypes.

Another important factor when discussing career options for women in the MENA is the image of society that dominates in these countries. Although, labour market policies were established that increased the number of women participating in the market and raise educational levels; socio-cultural norms are playing a major role in reducing the likelihood of women to work in jobs that allow personal development (Mathew 2010: 170-172; Metcalfe 2008: 90, 91). Moghadam (2005) and Yount et al. (2017) introduce the idea of a “patriarchal gender contract” which depicts men as breadwinners and being in charge for financial support of his family while women are expected to fulfil traditional female roles. “It is explicit in the region's Islamic-based family laws, which place women and girls under the guardianship of fathers, husbands, or other male kin” (Moghadam 2005: 117, 120). This means that women are supposed to do the household and are often fully engaged in family matters from their childhood onwards. In Egypt, for instance, “marriage remains almost universal, with less than 2.0% of women having never married by age 40” and due to the pressure to prove their fertility, many women have their first birth before they are 25 years old (Yount et al. 2017: 126). As a result, they do often not have a proper education, skills and time for business activities.

Women do not have the same access, willingness, as well as opportunities to entrepreneurship. As mentioned above, women and their businesses are facing limited access to the market. Thus, it is very difficult to attract investment, receive credits or access economic networks. Mathew (2010) lists more factors that complicate the success of women entrepreneurs in this region: policy restrictions and no or under-representation in politics, anticompetitive practices, limited access to finance and others (165, 166).

Moreover, the access to education and trainings that provide useful skills to compete in the market are often limited (Mathew 2010: 169). Lower levels of education and “a lack of technology awareness among women” (ibid.: 169) influence not only the capacity of women to participate in the market but also their interest in it (Ennis 2018: 7, 8). This shows the urgent need for education since informal discrimination leads to formal discrimination. Another aspect is the differences in networks between men and women but also between working-class and business elite women (Mathew 2010: 170; Oueslati-Porter 2013: 154). Reputation, attractiveness, connections and relationships are all very important for a woman to get a job. As a consequence, the poorest women which are often already suffering from unemployment within their families have also “few connections for employment and have few members with businesses” (Oueslati-Porter 2013: 154).

The absence of career guidance and counselling for women constitutes another issue. This has an impact on the information that women access to inform themselves about potential jobs, fields of interest and their economic, educational, financial opportunities. In 2014, the OECD evaluated the access of women to business development services (18). The report stresses two main issues concerning these services. First, the underdevelopment of the local business support infrastructure limits the access to essential information and support for MENA women. Second, women are often not well-informed about these business development services (OECD 2014: 18). Additionally, women are lacking motivation to achieve independence, self-evaluation (Mathew 2010: 172, 173). To bring more women into work and to encourage them to start maybe even their own business, the MENA countries need more female role models. Women who started their own (small) enterprise and are successful in the daily struggle against masculine domination can serve as role models.

Ennis (2018) introduces a more critical view on the positive effects of promoting female entrepreneurship. Although, she concentrates on the Gulf states, some of her points can be transferred to North African countries so that they should be considered in this thesis. One interesting point is that the segmentation of the labour market goes beyond gender, so that the labour market is affected by and segmented through nationality, class and sector. This means that, for instance, the social class of a woman has an effect on how willing she is to work and what kind of work she is willing and capable to do (Ennis 2018.: 5). Moreover, the attractiveness of the private sector is limited because it is underdeveloped and characterised by high insecurity, risk and (bureaucratic) discrimination.

Furthermore, Ennis (2018) claims that “the same forces that are meant to empower women often reproduce or reinforce certain gender norms while introducing new forms of dependency” (1). What does this mean? When one examines gendered labour practices in MENA countries, one has to consider religious and socio-cultural factors, as well as “global neoliberal economic pressures and transformations” (ibid.: 2). Although, neoliberal ideas and traditional social concepts of this region seem to be competitive, they can actually be “co-constitutive”. Women experience all kind of tension due to the implementation of neoliberal concepts. They have to handle, for example, the tension between individual responsibility (promoted by neoliberalism) and traditional patriarchal structures. To sum up, “how [...] female entrepreneurs navigate empowering and constraining pressures from political, economic, and social directions is integral to understanding their role as agents in development” (ibid.: 15).

Neoliberalism

Neoliberalism is an economic ideology which promotes the superiority of free markets, economic growth and the private sector compared to more state-centric economies and Keynesian welfare states. Friedrich Hayek and Milton Friedman are the “thinking-fathers” of neoliberalism. Neoliberal reforms include privatisation, deregulation, as well as liberalisation of the market. Western states and institutions promote them as “generalisable strategies for development” so that it developed into an “imperative of economic diversification, growth, and private sector jobs for citizens” (Ennis 2018: 2, 3). Ong (2006) describes neoliberalism as “an economic tsunami that is gathering force across the planet, pummelling each country in its path and sweeping away old structures of power” (3). Neoliberalism subordinates every aspect of social relations to “the logic of the market economy” by transforming individual into “entrepreneurs of themselves” (Atia 2012: 811). Ennis (2018) argues that “neoliberalism can be used to express a (perhaps manufactured) cultural consensus around markets and economic rationalities which is utilised by governments to both galvanise support for policies and engender responsible citizens” (3). This view is supported by Bogaert (2013) and Najem (2001) who both are very critical about neoliberalism. They view it as a Western-based approach which is often presented, particularly by the International Monetary Fund (IMF) and the World Bank as a one size fits all solution. In addition, Najem (2001) argues that

“in effect, the only way to secure the external capital required to facilitate the development process in the current environment is to meet the terms of potential aid donors and investors. These are generally Western-based and they have tended to insist on trade liberalisation and

privatisation as prerequisites for substantive economic interaction with developing countries” (52).

However, Ong (2006) points out that this approach is based on the assumption that neoliberalism results in the same political outcomes and social transformations all over the world (3). Welter’s (2011) idea of conceptualising is not only relevant for entrepreneurship but also in the literature on neoliberalism. Instead of viewing neoliberalism as an economic tsunami, it is more useful to investigate its effects in different political contexts. Bogaert (2013), Ong (2006) and Rinker (2015) explain that it is important to see the broader context since neoliberalism is not a “universal apparatus” but that one has to consider the specific local political and social contexts and systems. The particularities and variations of neoliberalism result from the diverse sets of institutions, actors and programmes that interact in a complex manner within a nation state and across time (Atia 2012: 809; Ong 2006: 4). Hence, neoliberalism can be understood as “a migratory technology of governing that interacts with situated sets of elements and circumstances” (Ong 2006: 5). Thus, a differentiated analysis of the changes through structural adjustment programmes is necessary. In other words, one has to pay attention to “the intricate interplay of neoliberalism as exception and exception to neoliberalism” (ibid.: 3). Bogaert (2013) calls this “the contextual embeddedness of neoliberal reforms” (227).

The contextual embeddedness of neoliberalism creates “complex and often contradictory patterns of governance” (Kantola & Squires 2012: 386). The new dominance of the neoliberal market rule imposed through structural adjustment programmes affects almost all aspects of (social) life. This gives space to problematise the outcomes of neoliberal reforms in Egypt, Morocco and Tunisia since neoliberalism has probably different effects on their societies than on European, North American or Asian societies. To sum up, since neoliberalism is not a “unified set of policies” and due to the interplay between global forces and situated practices, the prediction of its effects is a difficult task (Ong 2006: 5, 6).

Abid (2016), Williams and Kedir (2018) introduce the informal sector into the debate around neoliberalism. They point out that the neoliberal explanation for a strong informal sector is that the state intervenes too much. “For neoliberal theory, nonregistration is [...] a rational economic decision of entrepreneurs who confront burdensome laws and regulations by a stifling state bureaucracy”, such as high taxes or over-regulations (Williams & Kedir 2018: 157). However, this theory is not confirmed in several case studies around the world (ibid.: 157). Other

explanations, which complement each other, are the under-development and low quality of governance, that the state intervenes not enough or not in the right issues and at the right time, as well as institutional explanations (ibid.: 157). These results make clear that it is necessary to be critical of theories that are not empirically tested.

The next step is to include women in the discussion about neoliberalism. Ennis (2018), Errazzouki (2014), Kantola and Squires (2012) discuss the impact that neoliberal policies have on women and how they interact with feminism. A state feminist narrative develops due to the idea of empowered female entrepreneurs (by the state) and through elite businesswomen (Ennis 2018: 9; Errazzouki 2014: 262). States use this to gain legitimacy on the international stage. Nevertheless, this “empowerment” is part of a top-down process which praises the decreasing dependency of women’s welfare on the state (Ennis 2018: 11). Moreover, women’s interests that a state acknowledges, and which become, most likely, translated into state feminist policies are those of “small female elites” (Kantola and Squires 2012: 385). Errazzouki (2014) underlines this argument by explaining that “both Lalla Salma [Moroccan princess] and Leila Trabelsi [wife of deposed Tunisian President Zine El Abidine Ben Ali], in some ways, personified the state feminism that these regimes adopted, embodying the detached and elitist nature of the policies put forth that contributed to the marginalisation of working-class women” (262). Bogaert (2013) supports this point of view by stating that only the upper classes profit from neoliberal reforms (223, 224). He justifies this by explaining that, after 30 years of neoliberalism in North Africa, the middle and working classes experienced material decline due to the abolishment of income redistribution mechanisms such as free education and that university graduates have a guaranteed public sector employment in Egypt, Morocco and Tunisia (224).

Neoliberal citizenship is characterised by “self-governance and responsibility” (Rinker 2015: 226). Ennis (2018) points out that by transforming women into market citizens, their dependence on a patriarchal state and men might decrease (12). Nevertheless, women become dependent on the capital market. This means that their “importance and freedom are hence tied to the market” (Ennis 2018: 10). Additionally, Assaad and Arntz (2005) claim that increasing prioritisation of the market and structural adjustment measures “are strongly associated with a deterioration of women's relative position in the labour market” (431). Usually, structural adjustment programs lead to a feminisation of the labour market as they are often seen as low-cost workers (Assaad & Arntz 2005: 432). However, in the case of North Africa, women are hit especially hard by structural adjustment measures, like privatisation and reductions of jobs

in the public sector and payrolls, for a diversity of reasons. Women work, for instance, only in a few economic sectors so that they face much greater constraints concerning their mobility between occupations and sectors since private agencies often “discriminate in hiring on the basis of sex” (ibid.: 431, 433). Thus, neoliberal reforms actually cause a defeminisation of the labour market (ibid.: 432). Furthermore, women tend to work in the public sector because the public sector offers shorter hours and requires lower effort than jobs in the private sector. This is not only beneficial but also essential for women as they are obliged to fulfil their domestic work burden (ibid.: 433). In other words, a work-family balance gets even more difficult to maintain (Ennis 2011: 11, 12).

Moreover, the promotion of the idea that (female) individuals are the key actors in building a private sector by becoming entrepreneurs has three different results. First, it creates the impression that a Western idea – again - empowers suppressed women in the underdeveloped global south by transforming them into market citizens through the power of the market (ibid.: 9). However, Ennis (2018) issues a warning about creating an orientalist narrative by

“framing entrepreneurship as beneficial to women, because it facilitates their contribution to economic growth and empowers them as individuals [...]. It says nothing of the deep inequalities, feminisation of labour and poverty, and broader economic structures and trends that systematically marginalise women within global capitalism, but rather eludes to assumptions of Arab culture, [...] or Islam as inherently oppressive” (9).

Second, the North African states can avoid tackling the actual issues and reforming the structures which make the private sector so unattractive for women by creating an alternative form of employment: entrepreneurship (ibid.: 4). Third, it shifts the burden of employment from the state to the individual (ibid.: 5). This means that the unemployment problem becomes privatised and individualised.

Theory and Methodology

As mentioned above, the theoretical framework of the thesis is a feminist critical economic perspective. Feminist economics is about “the interrelationship between gender and the economy” (Pürckhauer & Urban 2016: 42). The main focus in this perspective is on power relations and equal rights. These power relations are captured in “particular ideas and

institutions [that] determine how people live together” (ibid.: 44). These ideas and institutions are often very stable and persistent. The social context, in which one lives, influences one’s identity and is important to comprehend the (economic) action of an individual.

In a feminist perspective, the term labour includes both paid and non-paid labour³. Moreover, the distribution of labour among women and men plays a central role in feminist economics. De Groote et al. (2017) stress that “women play a central role in socio-economic development as food producers, health-care providers, and providers of reproductive tasks” (88). Women are underrepresented in the MENA labour markets and are receiving lower income for the same work. This has negative effects on the efficiency of the market and increases the power imbalances between men and women which causes even higher inequality (Pürckhauer & Urban 2016: 43). Assi (2016) points out that gender inequality is multi-dimensional as it includes various aspects of work, such as wages, non-paid labour and labour force participation, but also issues concerning legal protection or political representation.

To investigate the research question, this thesis uses data on employment and unemployment, the formal and informal sector, as well as on factors that influence the business environment. Data on changes in rates of employment, unemployment, and the share of women in employment/unemployment is important to analyse the effects of neoliberal policies on the female labour force. Thus, a closer examination of which sectors are creating new jobs for women in Egypt, Morocco and Tunisia is important. Furthermore, women are often (over)represented in the informal sector and unpaid work so that it is necessary to examine these parts of the economy. Yount et al. (2017) point out that this is accompanied by measurement problems because many statistics have a “a narrow focus on women’s formal labour force participation, resulting in poor measurement of women’s part-time, temporary, seasonal, intermittent, and home-based market work” (127). Pürckhauer and Urban (2016) are raising an important point concerning data selection when investigating gendered labour practice which is “the gender blindness of macroeconomic aggregates such as national accounting and GDP” (45). Furthermore, the available data on, for instance, business environment often does not differentiate between men and women. The OECD (2014) adds that “data on the employment status of women workers are limited. There is no information, for example, on the share of part-time employment or the duration (permanent, temporary or seasonal) of paid employment contracts for women compared to men” (54).

³ Women undertake three quarter of unpaid work (Assi 2016).

The World Bank, the IMF and the OECD provide data that gives a broader overview on economic developments in Egypt, Morocco and Tunisia. This includes evaluations of the current economic situation in these countries and of conducted programmes. Additionally, these organisations also generate information on development strategies for each of the three countries. Meant by development strategies are, for example, strategies to bring more women into the labour market, such as providing nursery school places or giving career guidance. The World Bank also publishes reports on the ease of doing business in the region which investigates factors that influence the business environment in a country. Both the World Bank and the IMF are traditionally neoliberal institutions which promote neoliberal reforms. Furthermore, ‘The Global Gender Report’ and the ‘Arab Human Development Report’ provide data on the developments of inequality, educational attainment, as well as on increases and decreases in the number of women that participate in the labour market. While the Global Entrepreneurship Monitor (GEM) is a useful source for information on “individuals’ entrepreneurial activities, aspirations and attitudes, with little attention paid to the character of their enterprises and no restriction on the size or legal status of entrepreneurial ventures”; the World Bank Enterprise Survey provides data on “the economic performance, and the constraints to growth and profitability, of registered enterprises with five or more employees” (OECD 2014: 55). The Consultative Group to Assist the Poor (CGAP) and Women’s World Banking (WWB) provide information on the development of financial institutions in the region and how these developments (positively) affect women.

Other sources are websites of, for instance, microfinance institutions, as well as articles and videos about female entrepreneurs in Egypt, Morocco and Tunisia. LinkedIn is used to check, for example, the number of a business’ employees. However, these sources provide mostly stories about successful female entrepreneurs. Moreover, secondary literature provides data as well. Errazzouki (2014) and Oueslati-Porter (2013) conducted interviews with female entrepreneurs who tell what their motivation is and what the main obstacles are in their (business) lives.

To answer the research question, this thesis uses process tracing which is useful for a qualitative analysis. This methodology is advantageous because a small number of cases makes it possible to examine causal interference. Collier (2011) defines process tracing as “the systematic examination of diagnostic evidence selected and analysed in light of research questions and hypotheses posed by the investigator” (823). Mahoney (2015) formulates the question that an analysis should answer through process tracing as “What Xs caused Y in case of Z” (201). In

this thesis, Y is female entrepreneurship, Z is the socio-cultural position of women and Xs are the different aspects of neoliberal economic and political reforms, such as privatisation, access to information, education, finance and others. In other words, if neoliberal policies have an impact on the female entrepreneurship, “what kind of evidence should I expect to see?” (Mahoney 2015: 205). Process tracing is useful for both description and evaluation of social, political and economic phenomena. With process tracing one can “[analyse] trajectories of change and causation” (Collier 2011: 823). Moreover, qualitative case studies are useful to figure out the unique characteristics of women entrepreneurs (Brush and Cooper 2011: 5). One of the main issues of using process tracing is that one might miss important variables that contribute to the apparent relation between, in this case, neoliberal reforms and increasing/decreasing economic freedom for women so that a claim for “causal interference” is weakened.

Definitions and precise descriptions of the cases and main concepts are very important because they build the foundation for the analysis to find out whether there is any causal interference between neoliberal reforms and economic freedom of women. Hence, the next step is to formulate a working definition of entrepreneurship for this thesis.

The focus lies on micro-, small- and medium-sized businesses because most of the available data includes businesses with up to fifty employees. However, it is important to keep in mind that many of the enterprises are actually what de Groote et al. (2017) define as survivalist enterprises. The formal registration of a business is not necessary as this thesis encompasses the formal, as well as the informal sector. This is a necessary assumption as some businesses are partly in the formal and partly in the informal sector. The kind of enterprise a woman starts often depends on her social class. Working- and middle-class women probably start micro- and small-sized enterprises which are most likely to be risk adverse. Thus, they follow a risk diversification strategy by producing more than one (rather simple) product. Consequently, a woman qualifies as an entrepreneur by having Kirzner’s sense of business. In other words, recognising and using new opportunities are the key factors, while capital and innovative thinking can be neglected.

Historical Perspective: Neoliberal Reforms in Egypt, Morocco and Tunisia

In Egypt, Morocco and Tunisia, the state was strongly involved in developing and controlling the processes and means of production so that the private sector became extremely underdeveloped to non-existent in the 1950s – 1970s. Additionally, all three countries had “protectionist trade practices, designed to secure national sovereignty by minimizing external penetration” (Najem 2001: 51). In the case of Morocco, the state “never completely embraced the state-dominated developmental paradigm” so that a private sector actually always existed (ibid.: 52). However, the political and economic elites dominate the private sector. Hence, Morocco faces in essence the same problems as Egypt and Tunisia (ibid.: 52, 53). Thus, as these existing practices appeared to fail in the late 1970s due to a debt crisis, the Western-based idea that structural problems were the cause for decreasing economic conditions became popular in North African countries (ibid.: 51, 52). Egypt, Morocco and Tunisia are all three countries that can be labelled as “early reformers” (Bogaert 2013: 216). Bogaert (2013) describes Egypt as “the mother of Arab liberalisation” after the economic crisis of the early 1970s (221, 222). The open-door policy (infitah) in 1974 heralded the arrival of neoliberalism in the Egyptian society. In the 1980s, resource poor countries, such as Morocco and Tunisia, followed Egypt’s example (ibid.: 222; Frerichs 2016: 612). The literature agrees that the IMF and the World Bank are the main promoter for structural adjustment in North Africa (Bogaert 2013; Bond 2011; Hanieh 2014). The economic development of North Africa is frequently disrupted through food and energy price shocks, regional, national and local political instabilities, as well as the rapidly changing global economic environment (Bond 2011: 488).

Due to economic and financial deterioration throughout the 1970s and the economic depression in the 1990s, Egypt, Morocco and Tunisia had to seek aid from the IMF, the World Bank and other foreign donors. They were willing to supply financial assistance on the condition of neoliberal reforms. Although, the IMF has not launched a specific programme in Morocco and Tunisia beyond the annual Article IV consultations⁴, the World Bank coordinated and still coordinates its activities with the IMF (Hanieh 2014: 128). Tunisia signed its first structural adjustment package in 1986 and nowadays, “the World Bank ranks fourth in total donor support

⁴ “During an Article IV consultation, an IMF team of economists visits a country to assess economic and financial developments and discuss the country’s economic and financial policies with government and central bank officials. IMF staff missions also often meet with parliamentarians and representatives of business, labour unions, and civil society”. On the basis of this, the IMF formulates policy advice. (<https://www.imf.org/external/about/econsurv.htm>; access 12/06/19).

to Tunisia” (ibid.: 121, 122). In Egypt, the IMF started the Economic Reform and Structural Adjustment Program (ERSAP) to “improve the macroeconomic stability and boost economic development” in 1991 (Frerichs 2016: 613). The aim of ERASP was to refocus the Egyptian economy towards the market by replacing the state as the dominant employer (Assaad & Arntz 2005: 434). Frerichs (2016) argues that many Egyptians probably experienced ERASP not as a “success” because they experienced the downsides of neoliberalism in form of stagnating wages and rising prices at the same time. As Ayeb (2012) summarises: “a neoliberal political economy wherein Egypt developed but Egyptians did not” (4, 6). Inequality and poverty increased in Egypt while the new neoliberal economic reforms benefited mostly the Egyptian elites and their Western partners (Bogaert 2013: 225; Frerichs 2016: 627). In Morocco, the IMF involvement started in 1973 and continued over the 1980s and 1990s. The World Bank became first involved in 1980 and increased its support over the next decades. For its support, the World Bank demanded that Morocco imposes structural adjustment policies and liberalises its trade to support the development of export-oriented industries and economic growth (Najem 2001: 54). The idea was and still is that increasing competition will lead to higher efficiency which will create greater productivity and, thus, greater profits for firms and the state (ibid.: 63). The IMF expected in return for its aid the Moroccan government to restrain its financial and budgetary expenses, such as the provision of substantial subsidies “ranging from support for crucial industries to price reductions on necessary consumer items including fuel and food” (ibid.: 54). As the Egyptian and Tunisian populations, the Moroccan population received these kinds of restrictions quite badly.

Traditionally, MENA countries often use the public sector to reduce unemployment, to redistribute wealth and, thus, to keep citizens satisfied and to avoid unrests (Ennis 2018: 5). While “capitalist accumulation, in general, is associated with production and innovation”, it often includes the transmission of the management of activities, people, services and resources from public institution into the “capitalist market economy” (Bogaert 2013: 222). The expansion of public-private partnerships is an essential part of the privatisation program in all three countries. Bond (2011) criticises that the term *Public-Private Partnerships* is only “a euphemism for services privatisation and outsourcing” (483). The National Initiative for Human Development in Morocco, for instance, supported the deepening of “the marketisation and privatisation of the social [...]. This process implies the relocation of the centre of gravity of welfare and social development to the private sphere and private actors” (Bogaert 2011: 226, Rinker 2015: 229). More precisely, structural adjustment programs often include reductions in

public services and subsidies. Thus, states often provide less health services or implement user charges for this kind of services. States also reduce or abolish food subsidies. These neoliberal reforms have highly negative impacts on women due to their multiple roles as housewives and income generators. The increased costs of livings mean that they have to intensify both their paid and unpaid work. Therefore, women's ability to benefit from the new opportunities that structural change might create for them are limited (Assaad & Arntz 2005: 433).

This issue is intensified by divergent interests of the governments from the IMF and World Bank. While the privatisation process was carried out to quite a large extent in Morocco, it still does not satisfy the nominal objectives on which the Moroccan regime agreed with its Western supporters (Najem 2001: 53). One explanation for this is that the regime was never really seriously committed to pursue these objectives, such as broadening up the base of the private sector. Instead, the ruling elite preferred to favour its traditional allies in the private sector "in order to secure its links to these elements and to prevent the emergence of a strong class of more independent entrepreneurs that might eventually challenge its control of the Moroccan system" (ibid.: 64, 65). Therefore, the effect which structural adjustment policies might have on businesses are adapted by the national context.

Bogaert (2013) criticizes that the IMF and the World Bank promote further liberalisation in MENA countries without critically reflecting it (218). Bond (2011) observes that the World Bank realised that social unrest and political instability are likely outcomes in case of further Washington Consensus policies because these market-based reforms often drastically increase the economic burden on the lower and middle classes (486). Therefore, the IMF and the World Bank added to their agenda the terms "social justice", as well as social and economic inclusion (especially of women) during and after the Arab Spring which protests were partly against strict structural adjustment policies (ibid.: 481, 482; Hanieh 2014: 120; World Bank 2012: 11). However, this addition seems to be rather a rhetoric move since their advices and demands did not really change. They actually still promote the same neoliberal reforms as 30 years ago: "privatisation, de-regulation and opening to foreign investment", as well as austerity (Bogaert 2013: 219; Bond 2011: 482; Hanieh 2014: 122, 133).

Jihad Azour points out that stimulating the economy is a complex task as different levels have to be considered: the macro, institutional, structural and micro level (IMF 2019). Therefore, governments develop programs, sometimes in cooperation with international organisations, to boost the development of micro, small- and medium-sized businesses (Hanieh 2014: 127).

Morocco started the above-mentioned National Initiative for Human Development (INDH) to increase economic inclusion in 2005. It is advertised under the motto: “Investir dans le Capital Humain pour relever les défis de demain”⁵ on its website (INDH website). The initiative received around \$1.2 billion from the national budget for this purpose. Foreign donors contributed twenty percent of this amount (Hanieh 2014: 127). The National Initiative for Human Development consists of four programs. The adjustment of the infrastructure deficits and of socio-economic services for the poor and most vulnerable groups is the first program (INDH website). According to a report by the World Bank, 66 to 75 percent of women⁶ report that they use socio-economic services and basic infrastructure more often after the implementation of the program (World Bank 2014: 4). The second program aims to improve the situation of people who are facing high levels of insecurity. The third program targets the economic inclusion of young people and the fourth program works on guaranteeing access to services that generate human capital, like education and health, for coming generations (INDH website). This description of the initiative illustrates that the idea behind this kind of programs is to equip the population with the necessary tools like infrastructure so that they can develop to full market citizens.

Furthermore, all three countries implemented reforms to stimulate private sector growth. The *DoingBusiness* report, for instance, lists reforms that have been implemented to improve the business climate in Egypt, Morocco and Tunisia since 2011 until 2018. These are, among others, the establishment of one-stop shops. In one-stop shops, entrepreneurs have the possibility to combine different registration procedures, such as dealing with construction permits (World Bank 2019a: 60 - 62). Other reforms concern the ease to receive a credit by “removing the requirement to obtain a bank certificate” (ibid.: 60). Furthermore, increasing or reducing the cost of company registration fees has an influence whether starting a business becomes easier or more difficult (ibid.: 62). Administrative costs, such as the costs of registration, can be reduced through the introduction of online platforms or other forms of electronic systems. These systems are also useful to improve the system of paying taxes (ibid. 61, 72, 73). The corporate income tax contribution is another factor which can be (easily) influenced through policy (ibid.: 71, 72). A lower corporate income tax allows firms to hire more people and to produce more goods. Another tax policy to stimulate the private sector is to reduce tax rates on businesses and, thus, to increase the attractiveness of entrepreneurship

⁵ Translation: “Invest in Human Capital to respond to/ to take up the challenges of tomorrow.”

⁶ “The range covers differences between rural/urban, vulnerable and cross-cutting” (World Bank 2014: 4).

towards women and men. Instead, the state can increase the standard value added tax rate to offset those reductions (Bond 2011: 482). There are several issues with this form of taxation. One of them is that “the [value added tax] is a consumption tax and thus explicitly regressive insofar as low-income people are hit by the state for a larger share of their income” (ibid.). Hence, taxation increases the financial pressure on women in diverse ways which pushes women to enter the labour market as survivalist entrepreneurship (in the informal sector) where the entry barriers are rather low.

This section has shown that neoliberal policies affect women in their domestic and market lives in complex ways. Therefore, the next step is to investigate the situation of women in the labour market and the conditions for entrepreneurship in the MENA region.

Case Study 1 – Discrimination

While both men and women face plenty of difficulties resulting from a poorly developed economy, when they try to compete in the market, women are also confronted by “social organisational barriers” and “gendered employment practices” (Metcalf 2008: 89, 90). As a consequence, structural, political and economic hindrances have a greater impact on women than on men. In other words, “where men stumble, women fall” (UNDP 2012c in UNDP 2016: 32). Therefore, this chapter explores what factors influence the entrance of a woman into the labour market and how diverse features of the labour market discriminate women in Egypt, Morocco and Tunisia. The subchapter of this case study has a closer look on the informal sector in all three countries.

The Human Development Index (HDI)⁷, the value of gender inequality, gender gap in economic participation and opportunity, as well as the estimated gross national income (GNI) per capita for men and women are important pieces of information to draw a picture that depicts the degree of discrimination towards women. Table 1: Gender-Related Development, Inequality Index summarises the respective values for Egypt, Morocco, Tunisia and the MENA region. The estimated GNI per capita for men is in all three countries significantly higher than for women. Additionally, women in all three countries and Moroccan men achieve medium human development (values between 0.550 and 0.699) while men in Egypt and Tunisia achieve high

⁷ Composition of the HDI can be found at <http://hdr.undp.org/en/content/human-development-index-hdi> (access 29/06/19).

human development (values between 0.700 and 0.799) (UNDP 2018: 3). Interestingly, the gender gap in economic participation and opportunity increased in all three countries between 2012 and 2017.

Country	Human Development Index		Gender Inequality		Gender Gap Score: Economic participation and opportunity		Estimated GNI per capita	
	Female	Male	Value	Rank	Value	Value	Female	Male
	2013	2013	2013	2013	2006	2017	2013	2013
Egypt	0.617	0.722	0.580	130	0.416	0.413	4,225	16,522
Morocco	0.545	0.658	0.460	92	0.461	0.391	3,215	10,692
Tunisia	0.669	0.751	0.265	48	0.480	0.446	4,751	16,226
MENA	0.626	0.722	0.546	-	-	-	6,991	23,169

Table 1: Gender-Related Development, Inequality Index and Gender Gap score. Economic participation and opportunity score ranges from 0 to 1 and 1 = parity.
Source: UNDP (2016):234, 235. Global Gender Report (2017): 142, 244, 322.

Errazzouki (2014) points out that the regime and the business elites might have become more gender inclusive (262). However, especially working-class women carry the burden of the economic and societal circumstances in their countries which became obvious for the whole world in their active participation during the Arab Spring, such as the February 20 Movement in Morocco (Errazzouki 2014: 226). Moghadam (2013) lists the factors that shape female labour supply. The factors are economic need, educational attainment, age, marital status, as well as the presence of young children (Moghadam 2013: 1). The following explores the factor education and the position of women in the labour market.

Education shapes both labour supply and demand. The access to paid employment for women who have less than an upper secondary education is very limited. This issue is even more severe in the private sector because, regarding employment opportunities, the private sector discriminates women even more than the public sector, irrespective of their educational level. The public sector creates many employment opportunities for relatively well-educated women.

Table 2: Gender Inequality gives an overview of the differences between men and women

concerning the mean years of schooling and having secondary education between 2002 and 2012. Although, all three countries increased the access for girls and women enormously over the last decades, women’s access to higher education is still significantly lower than of men. Both categories in Table 2: Gender Inequality in Education and Labour Force Participation in 2013. illustrate this clearly.

Country	Mean years of schooling		Population with at least some secondary education		Labour Force Participation rate	
	(years)		(% aged 25 and above)		(% aged 15 and above)	
	Female	Male	Female	Male	Female	Male
	2002-2012	2002-2012	2005-2012	2005-2012	2012-2013	2012-2013
Egypt	5.3	7.5	43.4	59.3	23.7	74.8
Morocco	3.2	5.6	20.1	36.3	26.5	75.8
Tunisia	5.5	7.5	32.8	46.1	25.1	70.9
MENA	4.9	6.7	32.9	46.4	23.3	75.4

Table 2: Gender Inequality in Education and Labour Force Participation in 2013.
Source: UNDP (2016): 234, 235.

Furthermore, the World Bank criticises programs, such as AMAL in Tunisia, that aim to assist unemployed graduates because they are costly for the government. What the World Bank demands is that the Tunisian government has to “limit the period and eligibility of support, reduce the level of stipends, and restrict any assistance to urban residents only” (Hanieh 2014: 123). In Egypt, female students react to the lack of professional development programs by turning towards (faith-based) development organisations such as *Zidny*⁸ to receive the training they need to become competitive market citizens (Atia 2012: 822). Errazzouki (2014) gives the example of a young Moroccan women called Maria Karim. Maria Karim has to work while studying to have income. At the same time, her academic standing has to maintain on a good

⁸ *Zidny* is a faith-based development organisation that offers human development training to Egyptians from all social classes (Atia 2012: 820, 821).

level to avoid unemployment (Errazzouki 2014: 266). This leads to the next point which is women's labour force participation and the wage gap between men and women.

The neoliberal reforms of the last 30 years have failed to create new jobs and, thus, they have failed to create a decent livelihood for women. The UNDP (2016) summarises the situation for women in the labour market in the Arab region as follows:

“Discrimination by employers against women is commonplace. [...] Female labour force participation is slightly less than 24 percent, and, among young women, it is less than 18 percent, the lowest rate among all regions. The share of women in GDP in the Arab region is only about 29 percent, against 50 percent in all developing countries. The poverty rate is 31.6 percent among women, but 19.0 percent among men” (33).

The UNDP (2016) argues that neoliberal reforms which are often accompanied by “the emergence of temporary, part-time, casual home-based jobs” and the decline of the welfare state leads to the feminisation of poverty (93). In Egypt, Morocco and Tunisia, the privatisation and restructuring programs resulted in many cases in layoffs. Men were affected relatively less than women (ibid.: 93). Instead of observing a rise in the participation of women in paid work, the paid labour force actually defeminised in the private sector (Assaad & Arntz 2005: 432). One reason for this are probably persisting patriarchal family structures and gendered labour practices as described in the chapter on Gendered Labour Practices (ibid.: 434). Moghadam (2013) identifies different “categories of households with different earner-carer arrangements” (15). In the MENA region, the category “male breadwinner / female homemaker” still dominates. However, economic needs make some form of dual earner arrangement necessary due to increasing living costs. Therefore, women who live in a lower-income household start working and often become involved in informal labour. Hence, the category “male breadwinner / female part-time earner” becomes more frequent in North Africa (Moghadam 2013: 15). This is supported by the fact that the female share of total employees increased since 1970 as shown in Table 3: Female share of total employees in percentage. Source: OECD 2014: 45.. Nevertheless, Table 2: Gender Inequality in Education and Labour Force Participation in 2013. and Table 3: Female share of total employees in percentage. Source: OECD 2014: 45. show that the labour force participation rate for women is much lower than for men. By eliminating the gender gap, Arab countries could expand the national income of their economies by up to 38 percent (UNDP 2016: 78).

	1970	1980	1990	Mid 1990s	2000	2005	2010
Egypt	9	9	16	17.7 (1995)	21.4 (1999)	19.0 (2006)	19.6
Morocco	-	18	25	22 (1992)	25.9	27.0	21.1
Tunisia	6	15	17	23 (1994)	24.6		25.0

Table 3: Female share of total employees in percentage. Source: OECD 2014: 45.

Women are often employed in the service sector, such as in the teaching, health and welfare sector. In contrast, their access to the manufacturing sector is limited (Moghadam 2005: 115; OECD 2014: 47-52). Thus, they often have to become self-employed workers or unpaid family workers to participate in the market (Assaad & Arntz 2005: 440). This means that “structural adjustment restricts the employment options previously available to educated young women by reducing government sector employment opportunities without concurrently opening up opportunities in the nongovernmental sector” (ibid.: 441). Interestingly, during the implementation of ERASP in Egypt, women public employment increased, although, less young women entered the public sector. But, already employed women staid longer in their jobs and did not leave when they got married (which was often the case before ERASP) (ibid.: 438). However, the public sector is no longer the job provider it once was as it has not only reduced the amount of jobs but it also “struggles to contain public sector wage expenditures” (UNDP 2016: 171).

Moreover, the private sector is only a restricted alternative as it is poorly developed through the “overreliance on the public sector for jobs at the expense of the private sector, a lack of business financing, poor access to external markets, and misguided economic policies” (ibid.). In the private sector, even getting a job at, for instance, a tourist hotel to clean rooms is difficult in Tunisia. Oueslati-Porter (2013) gives the example of an unmarried chamber maid who had to wait three years after her application to get the job (154). In the formal and informal sector, children often have to support their parents and work in their small family businesses. Women often work as secretaries or shop floor attendants in these businesses (Oueslati-Porter 2013: 152). Oueslati-Porter (2013) explains that she heard many stories in her interviews that suggest that wives and mothers have to work hard in small businesses that are owned by a man (152). In her interviews, women said that they prefer their husband not to be in the business all day,

although, this means that they have to do almost all the work on their own. Many women equated the resulting control of their own labour with freedom (ibid.: 153).

Furthermore, women earn significantly less than men in all three countries. The wage gap, adjusted for education, experience and age, is quite high. In Egypt, for instance, it reached 35 percent in the public and 80 percent in the private sector (UNDP 2016: 80). Furthermore, between the 1960s and 1980s, the governments provided social security programs, as well as protective legislation for working mothers, like workplace nursery or paid maternity, (at least for public sector employees) in all MENA countries (Moghadam 2013: 5). This enforced the “patriarchal gender contract” which defines men as breadwinners and women as wives, mothers and homemakers (ibid.: 6). As mentioned in *Historical Perspective: Neoliberal Reforms in Egypt, Morocco and Tunisia*, this changed due to the privatisation of social rights in the 1980s and 1990s. Frerichs (2016) supports this by observing that not only women experienced devaluation during structural adjustment in Egypt, but that the reforms were against the interests of the working and middle class, too. They “became hostage to inferior quality public goods and higher prices as the state tightened its belt” (Handoussa & Tawila 2008: 2). This is worsened by other factors such as that neither Egypt nor Morocco or Tunisia have laws “prohibiting sexual harassment in the workplace”. Although, all three countries have draft laws concerning gender-based violence but not passed and enforced yet (UNDP 2016: 95). This supports Oueslati-Porter’s point of view (2013) that it is problematic to equate labour force participation with women’s empowerment as this neglects the working conditions and the experiences that women make in the (formal) economy (141, 143). The answers on the statement “Husband should have the final say in all decisions concerning the family” in the Arab Barometer strengthen this claim.

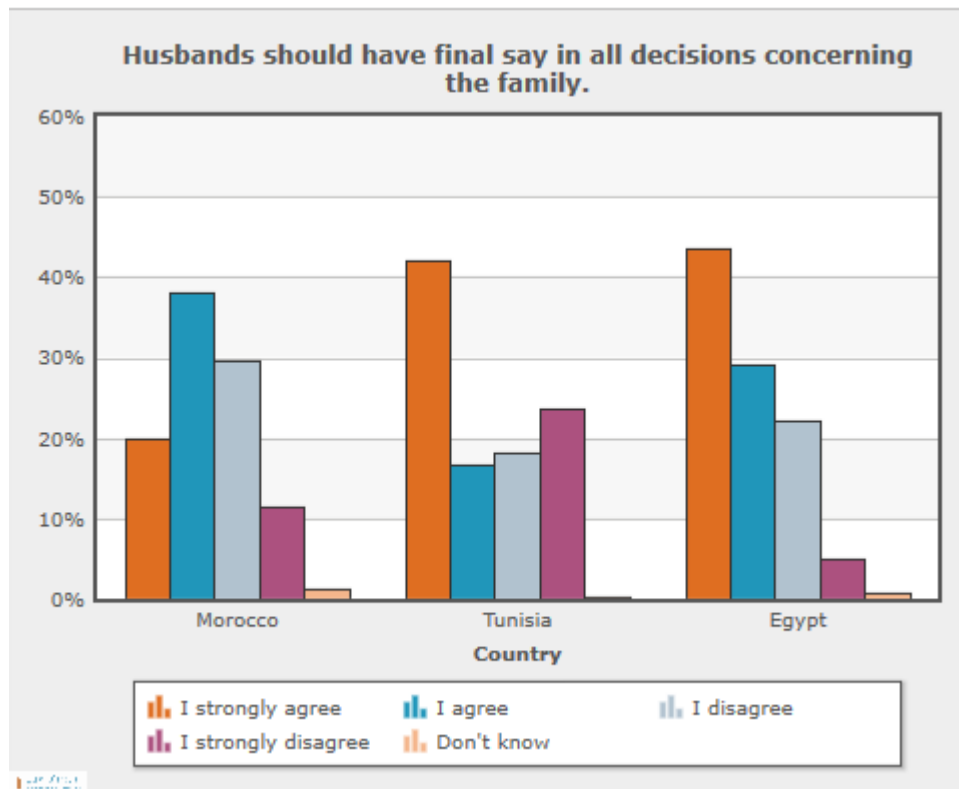


Figure 1: “Husband should have the final say in all decisions concerning the family”, AB Wave IV.
 Source: <https://www.arabbarometer.org/> (accessed: 29/06/2019).

Another severe issue in Egypt, Morocco and Tunisia which is related to the low labour participation rates and representative for the whole region, is unemployment. MENA countries have high unemployment rates which are often rising with skill level. “Vulnerability to unemployment appears highest among people with secondary educational attainment” (UNDP 2016: 78). However, this pattern changes for women with tertiary education as labour market participation of those women is twice as likely as of women with only a secondary education (Moghadam 2013: 10-13; OECD 2014: 43). As illustrated in Figure 2 “Male and female unemployment rates, total working age population and youth (15-24 years), selected MENA economies, latest year (mostly 2009)” (OECD 2014: 44)., the unemployment rates of young women in the MENA region are the highest in the world. It is around 48 percent compared to 23 percent for men in the Arab region (UNDP 2016: 80). Therefore, Moghadam (2013) labels this the feminisation of unemployment (11).

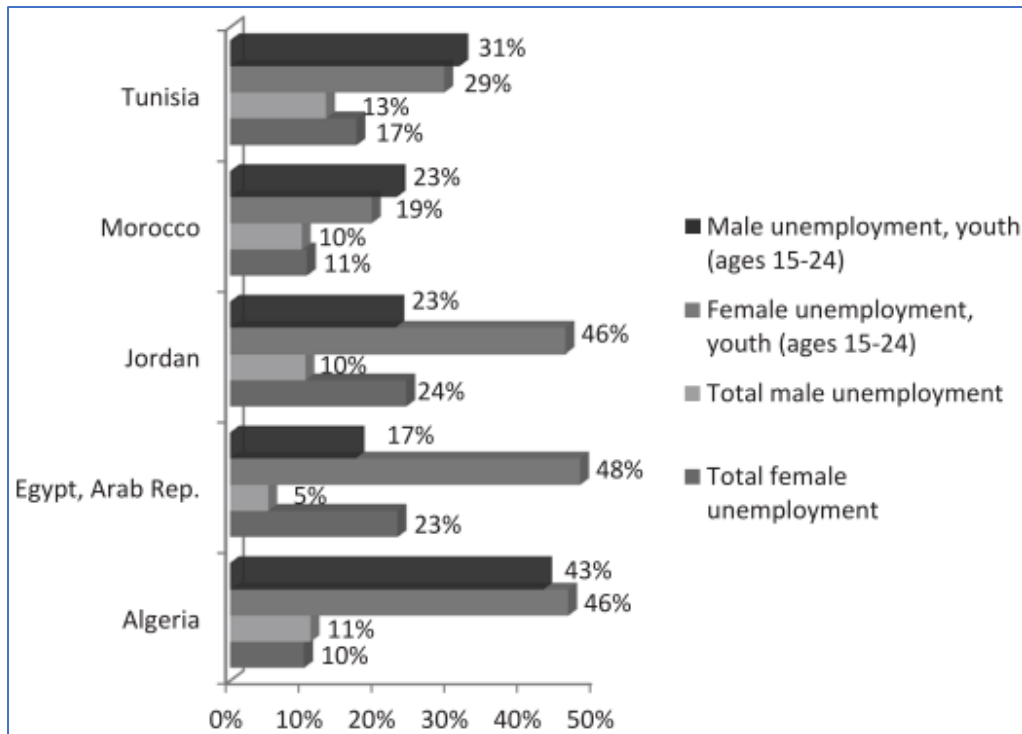


Figure 2 "Male and female unemployment rates, total working age population and youth (15-24 years), selected MENA economies, latest year (mostly 2009)" (OECD 2014: 44).

Source: OECD 2014: 44.

High unemployment rates and negative prospect to enter the formal economy induce jobseekers to work in the informal economy. The following examines the development and the features of the informal economy in Egypt, Morocco and Tunisia.

The Informal Sector

In the past, many young people started to work in the public sector when they first entered the labour market. Thus, 70 percent of the workforce was employed in the public sector, 16 percent was employed in the informal and only around 8 percent worked in the formal private sector in 1980 (UNDP 2016: 78). Nowadays, employment in the MENA region is often characterised by informality as many employees, especially young people and women, cannot find employment in the formal economy. Thus, in 2013, the informal economy in North Africa had an average size of 42.59 percent (Abid 2016: 584). In the early 1970s, around 20 percent of the Egyptian new labour market entrants started to work in the informal sector. Between 2000 and 2005, around 75 percent found employment in the informal sector (UNDP 2016: 78). This is a dramatic increase in the informalisation of employment during the implementation of structural adjustment programs (OECD 2014: 54). A large informal sector is also costly for the state as "the informal economy is not subject to taxes declared to institutions" (Abid 2016: 571). Economic activity in the informal sector is not part of the calculation of a country's gross

domestic product (GDP) (ibid.: 571). Abid (2016) calculated the average size of the African informal economies in percentage of the formal GDP. Figure 3 – Egypt, Arab Republic: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal*, 24(4), 443–461., Figure 4 - Morocco: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal*, 24(4), 443–461. and Figure 5 - Tunisia: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal*, 24(4), 443–461. illustrate the development of their informal sector from 1999 to 2013.

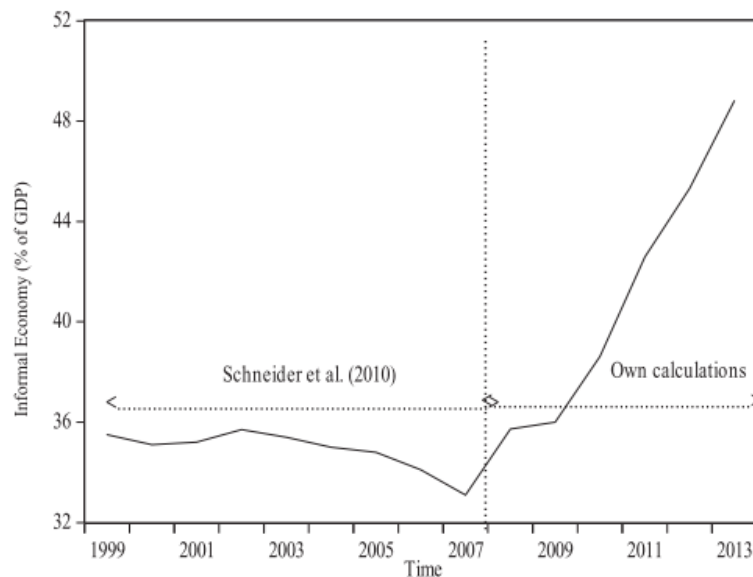


Figure 3 – Egypt, Arab Republic: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. International Economic Journal, 24(4), 443–461. The part labelled “own calculations” are Abid’s (2016) calculations. Source: Abid (2016): 594.

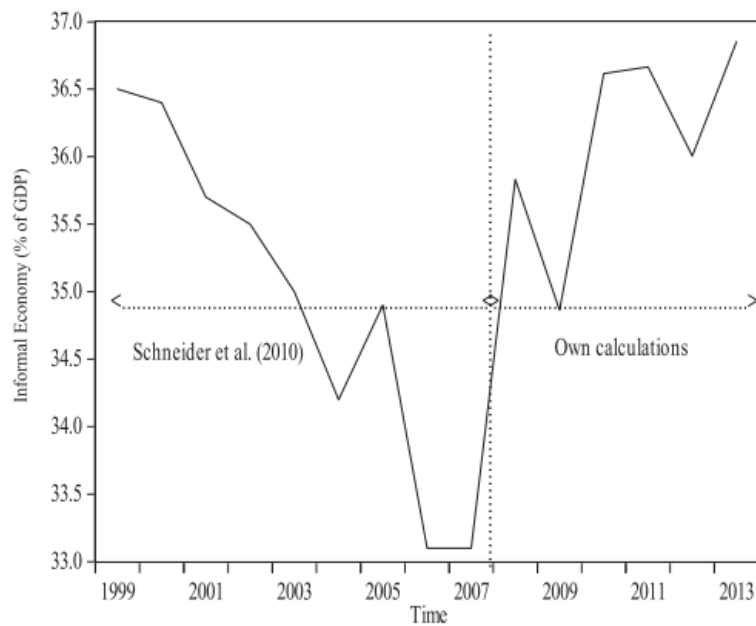


Figure 4 - **Morocco**: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal*, 24(4), 443–461. The part labelled “own calculations” are Abid’s (2016) calculations.
Source: Abid (2016): 597.

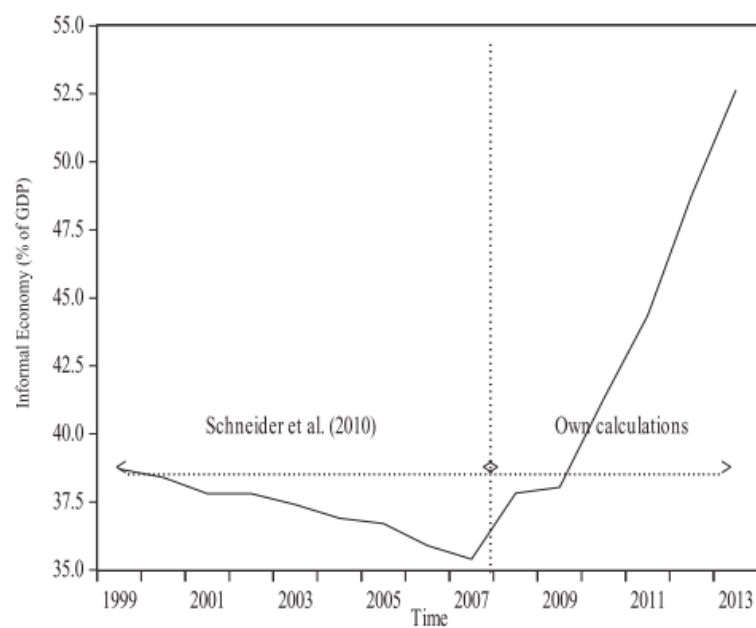


Figure 5 - **Tunisia**: size of the informal economy (in percentage of GDP) from 1999 to 2013. Abid (2016) used the calculations of Schneider, F., Buehn, A., & Montenegro, C. E. (2010). New estimates for the shadow economies all over the world. *International Economic Journal*, 24(4), 443–461. The part labelled “own calculations” are Abid’s (2016) calculations.
Source: Abid (2016): 598.

The informal sector in all three countries increased enormously since 2007. Abid (2016) suggests different explanations for the growth of the informal sector. These are, among others,

population growth, the quality of public sector service, corruption, taxes, social contributions and labour costs, as well as a slowdown in the economy which causes job insecurity and increases in unemployment (ibid.: 573-575). Another explanation, which is supported by the event of the Arab Spring, is that elected leaders lack trust of their people and that this has not changed after the revolution (ibid.: 583). All these factors devalue the business environment and labour conditions. Furthermore, the formal sector is not very attractive for many small enterprises due to regulations and bureaucracy. However, heavy costs accompany informality for a business as it puts constraints on employment growth and is often a source of unproductivity (UNDP 2016: 82). Employment in the informal sector is often unstable, the working conditions are poor, and the wages are lower than in the formal sector (ibid.: 78).

The tertiary sector which consists mainly of trade and services dominates the informal sector in urban areas (Abid 2016: 572). MENA women often occupy “pink collar positions in the service sector” (Oueslati-Porter 2013: 155). Due to rising living costs and low wages, many people work long hours and have more than one job. This implies that a single person might participate in the formal as well as the informal economy. Hence, labour becomes increasingly complex in these countries. Oueslati-Porter (2013) illustrates the complexity of labour due to increasing living costs and low wages through neoliberal reforms by giving the example of Asma who is not only wife and mother but also the generator of income for her family. Beside raising her children and doing all the domestic work, Asma also looks after her neighbours’ children when their parents are at work. Additionally, she produces and sells spice preparations to the neighbours’ women as they have to prepare dinner quickly after working all day (ibid.: 153). The case of Asma is representative for many working-class women in Egypt, Morocco and Tunisia.

This chapter has shown that women are confronted by a wide range of obstacles and barriers when they are seeking employment. Due to limited job opportunities in the public and formal private sector, many women enter the informal economy where working conditions and wages are even worse than in the formal economy. As employment opportunities are limited, entrepreneurship is often presented as a (good) alternative for women to earn an income. Therefore, the next case study is about formal entrepreneurship in Egypt, Morocco and Tunisia.

Case Study 2 – Formal Entrepreneurship

This section aims to give a wider overview on entrepreneurship in North Africa. In other words, this section examines the context in which female entrepreneurship takes place. The OECD report on women in business from 2014 stresses that there are limitations on the demand and supply side for women to become (successful) entrepreneurs. The demand side is constraint by the lacking awareness towards business development services and financial services among women (OECD 2014: 18). However, this chapter concentrates on the supply side. Thus, the business conditions for entrepreneurship in North Africa have to be investigated. The focus lays on small- and medium-sized businesses in the formal sector. This means on business with up to 50 employees.

Jihad Azour describes small and medium-sized businesses as “the backbone of the economy” as they are important for job creation (IMF 2019). In the MENA region, around twelve percent of adult women are active as entrepreneurs compared to around 30 percent of men (OECD 2014: 18, 56). As mentioned above, the World Bank Enterprise Survey only provides information on firms with five or more employees. This is only of limited value as most female enterprises have less than five employees. Nevertheless, Figure 6: *Percent of firms with majority female ownership*.

Source: World Bank Enterprise Surveys illustrates that women are highly underrepresented in formal enterprises since none of the three countries reaches at least four percent of firms with majority female ownership.

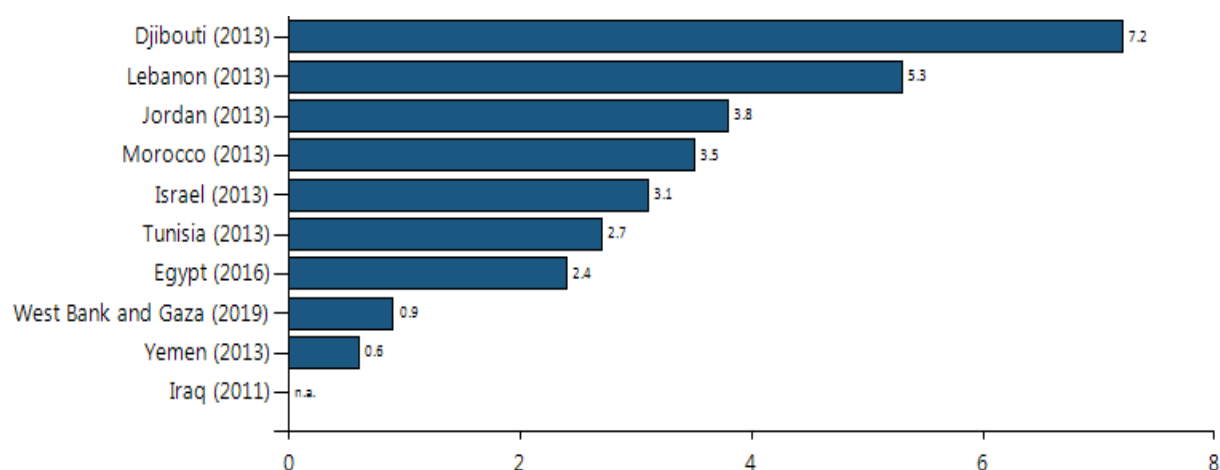


Figure 6: Percent of firms with majority female ownership.

Source: World Bank Enterprise Surveys (www.enterprisesurveys.org) (accessed 28/06/19).

The UNDP (2016) points out that small- and medium-sized enterprises are often presented as the greatest potential for economic and employment growth; however, they are “usually the

most sensitive to [lacks] of stability” (81). Additionally, MENA entrepreneurs are “[facing] relatively high regulatory costs in starting and running their businesses, have less intellectual property protection than competitors throughout the world, and encounter significant inequity in how policies are implemented” (UNDP 2016: 84. 85). However, all three countries improved their “ease of doing business score” from 2018 to 2019 and increased the numbers of reforms (World Bank 2019b: 2). The following table summarises the results of the different categories which the *Doing Business* reports for MENA, Egypt, Morocco and Tunisia present. The *Doing Business* reports investigate the “requirements for a small- to medium-sized limited liability company to start up and formally operate in economy’s largest business city” (World Bank 2019a: 6). This means that the reports focus on Cairo, Casablanca and Tunis (World Bank 2019c, d, e: 4)

The categories are the ease of doing and starting a business, ease of dealing with construction permits, getting electricity, registering property, getting credit, paying taxes, as well as enforcing contracts. The different categories consider the number of procedures, time and costs to complete all the steps for the respective aim, like getting electricity or credit. Other important measurements that have been considered in the *Doing Business* studies are “paid-in minimum capital to start a limited liability company”, quality control and safety mechanisms, reliability of supply, transparency of tariffs, quality of administration systems, quality of judicial processes and others (World Bank 2019c, d, e: 2).

	MENA - Average	Egypt	Morocco	Tunisia
Ease of doing business	58.30 Rank 112	58.56 Rank 120	71.02 Rank 60	66.11 Rank 8
Ease of starting a business	82.00 Rank 113	84.11 Rank 109	92.99 Rank 34	90.23 Rank 63
Construction permit	59.17 Rank 98	71.77 Rank 68	79.94 Rank 18	70.66 Rank 77
Getting electricity	69.45 Rank 94	71.41 Rank 96	81.34 Rank 51	82.42 Rank 51
Registering Property	62.11 Rank 90	55.00 Rank 125	67.86 Rank 68	64.89 Rank 87
Getting Credit	36.00 Rank 126	65.00 Rank 60	45.00 Rank 112	50.00 Rank 99
Paying Taxes	74.52 Rank 83	52.73 Rank 159	85.72 Rank 25	62.25 Rank 133
Enforcing Contracts	55.04 Rank 105	42.75 Rank 160	60.93 Rank 68	59.33 Rank 80

Table 4: Factors that influence ease of doing business.

Note: “The ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies in the *Doing Business* sample since

2005. An economy's ease of doing business score is reflected on a scale from 0 to 100, where 0 represents the lowest and 100 represents the best performance. The ease of doing business ranking ranges from 1 to 190" (World Bank 2019a: 4).

Source: World Bank 2019: 4, 7,13, 19, 24, 31, 37, 53.

Table 4: Factors that influence ease of doing business. shows that Egypt, Morocco and Tunisia receive in most categories higher scores than the regional average. Egypt receives in almost all categories lower scores than Morocco and Tunisia except for the category *getting credit*. The country-specific reports differentiate between men and women concerning the indicators that form the category ease of starting a business. This is illustrated in Table 5: Indicators for ease of starting a business..

	<i>MENA</i>	<i>Egypt</i>	<i>Morocco</i>	<i>Tunisia</i>
<i>Procedure – Men (number)</i>	7.2	6	4	6
<i>Time – Men (days)</i>	20.5	11	9	8
<i>Cost – Men (% of income per capita)</i>	22.6	40.3	3.7	4.3
<i>Procedure – Women (number)</i>	7.9	7	4	6
<i>Time – Women (days)</i>	21.2	12	9	8
<i>Cost – Women (% of income per capita)</i>	22.6	40.3	3.7	4.3

Table 5: Indicators for ease of starting a business.

Source: World Bank 2019c, d, e: 6.

While Table 5: Indicators for ease of starting a business. does not suggest that there are any differences between men and women concerning the ease of doing better, the OECD (2014) describes several discrepancies between male and female entrepreneurs in the MENA region:

“First, women entrepreneurs come from lower income households than male entrepreneurs. Women can therefore count on fewer household resources to start a venture. Second, women owners and managers of ventures at all stages have less education than men, but they have more education than the average woman. [...] Third, women entrepreneurs have much less employment experience than men [...] This is important because employment experience is a key form of preparation for – and driver of – entrepreneurial activity” (58).

Additionally, Women's World Banking (WWB) (2013) explains that the growth and development possibilities for female entrepreneurs are limited as they have to balance the double burden of running a business and coping with their domestic work. Therefore, women

often want to have their shops near their home or start home-based businesses, such as dress-making or cooking (WWB 2013). Oueslati-Porter (2013) made similar experiences as WWB as she heard similar stories in her interviews with women in Tunisia. WWB (2013) and Oueslati-Porter (2013) give the examples of women who built a kitchen in their shops to prepare food for their families or who open a shop in the front room of their house to balance her market and domestic work (155). This illustrates the fact that women's enterprises are often characterised by "personal, consumer-oriented activities" and by "lower-technology production activities" (OECD 2014: 58).

Financial Inclusion

Compared to other regions of the world, the MENA region performs badly in the category access to credits (World Bank 2019b: 1). However, Egypt, Morocco and Tunisia are slightly over the average (see Table 4: Factors that influence ease of doing business.). According to the World Bank Enterprise Surveys, 25.8 percent of Egyptian, 30.1 percent of Moroccan and 24.1 percent of Tunisian small businesses (five to 19 employees) identify access to finance as a major constraint. The GEM rates "entrepreneurial finance" according to a scale that ranges from one to five where one equals highly insufficient and five equals highly sufficient (GEM website). Egypt, Morocco and Tunisia received scores of 2.61, 2.19 and 2.58, respectively, in 2018 and in the case of Tunisia in 2015. The UNDP (2016) points out that "the estimated financing gap is \$2 billion" and that financial institution offer only a few products which actually meet the needs of small and medium-sized enterprises (84). The OECD (2014) measured that "women-led businesses represent less than [ten percent] of banks' loan portfolios (19).

David Lipton points out that one of the main issues is that the limited access to finance weakens the private sector compared to the public sector. The share of lending lacks behind compared to other regions in the world. More financial stability is needed because otherwise women will not start their own business due to lack of financial resources and / or risk (IMF 2019). Jihad Azour adds that financial inclusion is a key element for inclusive growth (ibid.). The MENA region performs especially weak on the small- and medium-sized enterprises' level. Additional access to formal finance would produce an additional potential growth of 3% in MENA countries (ibid.). In Egypt, one could witness a dramatic growth in the overall financial inclusion. However, the gender gap doubled between 2011 and 2017 as "men's financial inclusion increased from 13 percent to 39 percent while women's financial inclusion only grew from 6 percent to 29 percent" (Singh 2018; WWB 2018). Around 73 percent of the adult female population is unbanked or underbanked (WWB 2018). In Tunisia, around 30 to 40 percent of

the adult population and over 50 percent of the enterprises in Tunisia “[remain] unserved or underserved by the mainstream financial sector, despite 12 million registered bank and postal accounts” (Chehade & Nègre 2015).

Tim Adams explains that it is expensive for banks to do lending to small- and medium-sized enterprises as the costs are the same as for bigger enterprises, but the returns are lower (IMF 2019). Chehade and Nègre (2015) confirms this for Tunisia as they point out that banks prefer medium to large businesses or salaried workers. Additionally, many financial institutions take the view that micro-, small- and medium-sized businesses are a risk because they are not transparent (World Bank 2015). Thus, low income women are often overlooked by traditional financial service providers (Singh 2018). Gupta and Mirchandani (2019) introduce the concept of microfinance which they describe as follows:

“*Microfinance* refers to an array of financial services that include credit, savings, and insurance [...]. Microfinance institutions (MFIs) supply poor households with a range of financial services such as loans, savings products, fund transfers and insurance facilities [...]. Most of the Micro Finance Institutions (MFIs) pursue dual objectives of outreach to poor customers (social performance), while covering their costs and being financially sustainable (financial performance)” (2).

Organisations such as Women’s World Banking (WWB) cooperate with local (non-profit) financial services like the Lead Foundation⁹ which is a non-governmental organisation in Egypt (Singh 2018). Lead Foundation’s marketing and communications manager Sandy Salama explains that “instead of hyper-focusing on the product, we took a wider view. From marketing, operational procedures to loan officer training, we looked at it all from a woman’s perspective”. As a result, the “number of women clients in individual lending” increased by over 30 percent from 2014 to the end of 2017 when they reached over 50 percent. Lead Foundation’s entire individual loan portfolio was almost doubled by this rise of women clients (ibid.). This shows that it can be actually profitable, also for traditional financial services, to include (low income) women in their clientele.

⁹ Lead Foundation “was founded in 2003. It specialises in the delivery of microfinance services to Egypt’s economically active poor and operates in the Greater Cairo area through eighteen branches. Their aim is to create positive social and economic impact by targeting low-income entrepreneurs especially women who do not have access to institutionalised financial service” (<https://www.womensworldbanking.org/insights-and-impact/witnessing-real-deal-visit-microinsurance-program-egypt/> accessed: 16/06/19).

Furthermore, innovative ways to create access to finance are needed and new ways of credit allocations. This can be achieved by traditional banks but also by non-bank institutions. The speakers in the IMF panel discussion on *Scaling up access to finance for small and medium-sized enterprises* (IMF 2019) argue that the development of a competitive environment between financial institutions would lead to more innovations, as well as better service and offers for clients in North Africa. Tim Adams explains that using new and better technologies can make a huge difference concerning costs and risks (ibid.). New technologies reduce, for instance, the risk generated from limited credit information. Moreover, mobile money, FinTechs and other financial service technologies are promising tools to increase financial inclusion in Egypt, Morocco and Tunisia (WWB 2018). Mobile money, for instance, might be useful to increase financial inclusion as around 97 percent of the Egyptian households and even 80 percent of the low-income households possess a mobile phone (ibid.). This is similar to Tunisia where the mobile penetration rate is 118 percent. However, mobile financial services are not even used by four percent of Tunisians (McConaghy & Nègre 2015; World Bank 2015). The IMF (2019) and the WWB (2018) point out that women still have to be informed about the opportunities that financial services provide because if women, and in particular those with low income, do not know about existing solutions, improvement is not possible. In addition, Nègre and McConaghy (2015) explain that the Tunisian Central Bank, the Tunisian Ministry of Telecommunication and key market players agree that the issue are regulatory restraints. However, they could not agree on which regulations should be weakened or abolished. Moreover, the IMF (2019) and WWB (2018) stress that it is important to do research on the demand side to find out what is limiting it since the majority of the small- and medium-sized firms are “born small and remain small” (IMF 2019). Chehade and Nègre (2015) confirm this by pointing out that

“29% of the [micro-, small- and medium-sized enterprises] had never attempted to open a bank account; 37% reported needing financing although never entering into contact with a financial institution; and 78% used cash to pay their supplier and 91% to pay their employees”.

In November 2011, the establishment of credit institutions which are dedicated to low-income people was authorised by a decree law passed by the new Tunisian public authorities (Chehade & Nègre 2015). Additionally, it implemented a microfinance supervisory authority to ensure certain standards and diminish the risk of a microfinance crisis. Several microfinance

institutions are active in Tunisia, such as Advans Tunisie¹⁰ or Tsysir¹¹ who share the vision of creating a fair chance for everyone to receive financial support. The largest microfinance institution in Tunisia is ENDA Inter-Arabe¹² (ENDA). It was founded in 1990 and is a nongovernmental organisation that works together with other nongovernmental organisations like ENDA Tamweel¹³. According to the latter's websites, it focuses on the promotion of entrepreneurs and its focus groups are young people and women who live under less favourable conditions. Thus, especially female micro-entrepreneurs and low-income households make use of ENDA's microcredit products which are adapted to their needs. In addition, low-income households can receive financial literacy education from EDNA. ENDA received a local currency loan from the International Finance Corporation to "adopt advanced risk-management and portfolio monitoring practices", as well as to "[conduct] market research to understand client needs, better market its products and position itself to face new competition" (Leonard 2013: 1). Until June 2013, ENDA has "reached over 226,000 active clients" of whom 65 percent are women (ibid.). The organisation summarises the experiences of their clients in the following slogan on their website: "Avec Enda, je développe mon idée, je réussis mon projet et je trouve mon chemin"¹⁴. On their websites, both organisations tell the success stories of small entrepreneurs that they supported such as the story of Dorra Kamoun (28 years) and Oussama Romdhane (28 years) who are the founders of the start-up TechAbility¹⁵ in Tunis in 2017 (Enda inter-Arabe 2018). This illustrates that microfinance institutions actually improve the access to finance for women in Tunisia.

Morocco is "host of some of the best performing microfinance institutions [...] in the World" (Reille 2009: 1). The loan portfolios of the Moroccan microfinance institution multiplied eleven times and their client outreach multiplied four times between 2003 and 2007. The leading Moroccan institutions are Al-Amana, Fondation des Banques Populaires, Fonddep and Zakoura (ibid.). The success of the Moroccan microfinance sector was supported by the government which passed a microfinance law. This law licenced non-profit associations. As a result, the provision of "microcredit services for income-generating activities as well as housing and social loans with a maximum of 50,000 dirham" are allowed (ibid.). What is unique about the Moroccan microcredit sector is that the local banks created two of the largest microfinance

¹⁰ www.advansgroup.com/ (accessed 16/06/19).

¹¹ <http://taysirmicrofinance.com/> (accessed 16/06/19).

¹² <http://www.endarabe.org.tn/> (accessed 16/06/19).

¹³ <http://www.endatamweel.tn/> (accessed 16/06/19).

¹⁴ Translation: "With ENDA, I develop my ideas, I carry out my project and I find my path..."

¹⁵ <https://www.linkedin.com/company/tech'ability/about/> (access 16/06/19).

institutions (ibid.). Despite, these positive developments, the microfinance sector in Morocco suffered under the global credit crisis in 2007/2008. Reille (2009) explains that unsustainable growth was the cause for this crisis (2). Nevertheless, he describes the response of the sector in Morocco as “swift and timely” (ibid.: 3) and it included strategies for the short- and long-run (Chehade & Nègre 2013: 2). Credit-only nongovernmental organisations dominate the Moroccan and most of the other MENA microfinance sectors. The Moroccan microfinance crisis taught them to manage their risk more carefully (Chehade 2013). To minimise risk, governments and financial institutions launched projects to improve the market infrastructure (like credit information sharing platform), governance (like advanced monitoring tools to analyse portfolio performance in detail) and supervision (for example through central banks) (Chehade & Nègre 2013: 3; Chehade 2013).

Furthermore, governments implement programs which promote financial inclusion. Egypt created the Social Fund for Development (SFD) (UN Women 2013) to reduce poverty, to invest in infrastructure, and to increase and improve the access to financial and non-financial services, in particular, for small- and medium-sized businesses (UNDP website). The SFD was established in 1991. It cooperates with the United Nations Development Programme (UNDP), the UN Women and other organisations to carry out projects. The UNDP summarises their accomplishments until 2015 as follows:

“[The SFD] financed a total of 15,211 small enterprises (78% for men, 22% for women) in loans disbursing an aggregate of 2,270.2 million EGP to companies working in sectors of industry, trade, services, agriculture and others. It financed a total of 152,891 micro-businesses (57% for men; 43% for women) in loans disbursing an aggregate of 1,170.9 million EGP” (UNDP website).

Interestingly, the share of women that have a small enterprise is much lower than the share of women who have a micro-business. This indicates again that women are conducting mainly survivalist entrepreneurship. UN women supported the SFD production of the short documentary “Legitimate Dreams” which tells the success story of two Egyptian female entrepreneurs, Nanees Ahmed Abdel Lateef and Mona Azzan Hassan Abadat who could realise their plans through the support of the SFD. Nanees Ahmed Abdel Lateef produces handmade bedding embroidery. She concentrates on quality rather than on quantity and describes her clients as special since they are “something a little bit artistic” (UN Women 2013). Two permanent workers and a few casual ones support her in sewing but since she has no permanent headquarter, they have to work from their homes, too. The SFD helps her to get qualified

workers who are professional and very good in sewing. She wishes to get an industrial license and a permanent headquarter. Nanees Ahmed Abdel Lateef explains that she was not in need of finance but of marketing assistance. To get marketing assistance, she took a 1000 EGP loan for training and marketing from the SFD. Another problem was limited access to exhibitions which prevented successful marketing. Now, the SFD invites her to exhibitions and she never refuses these invitations. Thus, she participated in more than 10 exhibitions until 2013. The next step in her business plan is to start exporting her products (ibid.). The other success story in the video is Mona Azzan Hassan Abadat who has a fish farm at the Suez. She received an 846 EGP loan for a feasibility study and training from the SFD. A major factor of her success was that she started to learn about technology. In her case, technology creates the possibility to implement a semi-intensive fish farming technique instead of the regular fish farming technique. She invested the money that she earned in other basins to increase her production capacity. The SFD did a feasibility study of her business. The SFD does feasibility studies to inform entrepreneurs what the chances are that they succeed with their businesses (ibid.). These two examples illustrate that financial support is needed for all kinds of entrepreneurial activities: marketing, feasibility studies, resource management and others. To sum up, public and private actors have to work together to create a flourishing but sustainable environment for the development of financial services and thus, financial inclusion.

Conclusion

This thesis explored the research question how neoliberal reforms impact on female entrepreneurship in the Middle East and North Africa (MENA). In other words, it explored the question “what Xs caused Y in case of Z” where X equals neoliberal changes, Y is the development of female entrepreneurship and Z are the gendered labour practices and the “social organisational barriers”. This research puzzle was investigated by answering the subquestions: How has the implementation of structural adjustment programs influenced the situation of women in the labour market? How does a growing informal sector illustrate the complexity of labour in these countries? What are the restrictions that new entrepreneurs face in Egypt, Morocco and Tunisia? And, how do financial inclusion projects and especially microfinance institutions create new opportunities for female entrepreneurs? The main difficulty of answering these questions was among others that, for instance, the World Bank Enterprise Survey only considers enterprises with at least five employees so that micro entrepreneurs like

Nanees Ahmed Abdel Lateef do not appear in its data because her business is too small. However, many female entrepreneurs have micro- or small-sized businesses. Additionally, they are often active in the informal sector which is also not covered by many online available data sets. The following summarises and reflects on the main points of this thesis.

The literature review has shown that entrepreneurship and neoliberalism are complex concepts that have to be seen in their local context. This necessitates to investigate the implementation of structural adjustment programs in Egypt, Morocco and Tunisia. As all three countries are “early reformers”, their (political) economy is shaped by three decades of privatisation, liberalisation and deregulation. The local context is not only defined by a poorly developed private sector and a dominant public sector but also by gendered labour practices which have also been discussed in the literature review. While all three states are implementing neoliberal reforms, such as reducing public sector employment, privatisation of social services, as well as decreasing or even abolishing subsidies, they fail to provide sufficient private sector growth. Thus, unemployment is increasing while costs of living are rising. This development challenges the traditional gender roles which define men as breadwinners and women as homemakers. Hence, neoliberal reforms make the transformation of women from homemakers to at least part-time earners necessary. However, this transformation means that women have to carry the double burden of domestic work and full- or at least part-time market participation. In other words, women have to balance the expectations that result from the traditional patriarchal gender contract and their new role as neoliberal market citizens (Ennis 2018: 12; Moghadam 2013:6). Additionally, women (and men) who cannot find employment in the formal economy, often enter the informal sector to make an income. In the informal sector however, working conditions are poor and the payment even lower than in the formal sector. Due to low wages, working- and middle-class women (and men) often have more than one job and participate often in both the formal and informal sector. This illustrates that labour becomes increasingly complex because of the effects that neoliberal reforms have on the Egyptian, Moroccan and Tunisian economies.

MENA governments cooperate with international (neoliberal) organisations, such as the World Bank and the IMF, to lighten the new economic burdens and to equip MENA citizens with the tools they need to become competitive market citizens. Thus, MENA countries made extreme improvements concerning education, at least in quantitative terms. However, the gender gap regarding education still exists and detains many women in a disadvantageous position. Furthermore, Egypt, Morocco and Tunisia have undertaken and still undertake attempts to

improve the business climate and to facilitate entrepreneurship which the *Doing Business* reports of the World Bank demonstrate. However, entrepreneurs in these countries are still confronted by high regulatory costs, high risk due to political instability and limited access to finance. These hindrances are even more severe for female than for male entrepreneurs because women have less employment experience than their male counterparts. This depicts a disadvantage as employment experience can be understood as groundwork for entrepreneurial activity. Additionally, female entrepreneurs are often working-class women who can therefore fall back on less capital. This leads to the last of the subquestions: how do financial inclusion projects and especially microfinance institutions create new opportunities for female entrepreneurs? The access to financial services is very limited for entrepreneurs who have or want to start micro- or small-sized businesses as they are seen as not transparent and risky by traditional banks. However, the case study about Financial Inclusion has shown that local actors and organisations cooperate with international organisation, such as Women's World Banking, to provide financial services which actually meet the needs of female entrepreneurs. Microfinance institutions are an attractive, and sometimes the only option for women to receive a loan. In addition, microfinance institutions offer not only credits that (more or less) meet the needs of female entrepreneurs, they also provide financial education and consultation for women. Thus, the development and diversification of financial services in Egypt, Morocco and Tunisia is a first step towards improved entrepreneurial opportunities for women within an increasingly neoliberal political economy.

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