

Chapter 1

Women, Work, and Welfare in the Middle East and North Africa: Introduction and Overview

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Abstract: Providing an empirical and conceptual context for the volume, this chapter discusses patterns and trends in women's social and economic participation in the region, draws together the themes explored in individual chapters, and offers policy recommendations and suggestions for future research. Middle East and North Africa (MENA) countries have made good progress in educating women, whose schooling attainments often outstrip those of men, and in reducing fertility rates, but most of MENA women remain out of the labor force, and those who do work outside the home face a wide range of difficulties associated with their gender. Having so few women working is costly for the countries in the region, limiting their economic size and growth prospects. From a policy perspective, it is important to understand why so few women work. Reasons include discriminatory practices in the workplace and difficulty in obtaining access to credit and productive assets; women's reservation wages and internalized gender roles in traditionally patriarchal societies; and discrimination by government policies against female market-based activities. The chapter seeks to understand the links between these causal factors within a coherent analytical framework that can handle both diversity and difference.

Keywords: Gender, Middle East, women's economic status, women's entrepreneurship, women's employment, social norms, gender bias in policymaking

Countries in the Middle East and North Africa (MENA) are diverse but also share some common characteristics that set them apart from countries in other world regions. Not least among these is the small size of the economic contribution made by women. MENA countries have made good progress in educating women, whose schooling attainments often exceed those of men, and in reducing fertility rates, but most of MENA women remain out of the labor force and those who do work outside the home face a wide range of difficulties associated with their gender.

Having so few women working imposes heavy costs on the countries in the region, limiting the size and growth of their economies, and limiting their ability to improve their wellbeing and prosperity. Hsieh and others (2013) find that 15 to 20 percent of the growth in aggregate output per worker in the United States over the last 50 years — a period that has seen rapid growth in computerization and mechanization — can be explained by the improved allocation of talent that resulted from greater gender and racial equality. Similar studies carried out in other advanced economies have enhanced the attention given to gender equality and women's empowerment as means to achieve economic efficiency, productivity, and growth.

Gender inequality still stymies growth and progress across all countries, albeit at different levels. A recent study for Booz and Company (Aguirre and others, 2012) estimates this loss for several economies, as highlighted in Table 1.1. Applying the same methodology, which assumes that men and women work similar hours and are equally productive, the average loss of potential output for MENA countries amounts to more than 54 percent of GDP. This is shown as gross impact on GDP in Table 1.1, column 1. Assuming, instead, that women workers are 30 percent less productive than men, and that their working hours are only 86 percent of men's (similar to the assumptions made in Aguirre and others, 2012), we calculate the net loss of potential output for MENA countries at more than

Table 1.1: Potential economic contribution of women in MENA countries and other countries, 1980 and 2010

| Country | Gross Impact on GDP (%) | Net Impact on GDP (%) |
|-------------------------|-------------------------|-----------------------|
| USA ^a | 8.0 | 5.0 |
| Japan ^a | 15.0 | 9.0 |
| Germany ^a | 7.0 | 4.0 |
| MENA^b | | |
| Algeria | 33.6 | 20.3 |
| Egypt, Arab Republic | 55.3 | 33.3 |
| Iran, Islamic Republic | 35.0 | 21.7 |
| Iraq | 57.8 | 33.8 |
| Jordan | 55.7 | 33.5 |
| Lebanon | 51.0 | 30.8 |
| Libya | 55.3 ^c | 33.3 ^c |
| Morocco | 49.4 | 29.8 |
| Oman | 66.4 | 40.0 |
| Syrian Arab Republic | 59.9 | 36.1 |
| Tunisia | 47.4 | 28.6 |
| Turkey | 49.3 | 29.7 |
| West Bank and Gaza | 63.6 | 38.3 |
| Yemen | 58.8 | 35.5 |
| Average | 54.2 | 32.7 |

Notes: Gross impact is percentage increase in per capita GDP assuming women having the same hours of work and productivity as men. Net impact adjustment for productivity drag and part-time work as discussed in the text.

^aEstimates taken from Aguirre and others (2012).

^bEstimates calculated by authors, using same methodology as Aguirre and others (2012).

^cPercentage of non-oil GDP.

The small oil-surplus economies of the Gulf Cooperation Council are excluded from the authors' calculation because the majority of workers in these countries are migrants and much of the GDP comes from oil exports that have little domestic labor input.

32 percent (Table 1.1, column 2).¹ This evidence strongly suggests that the economic advancement and empowerment of women leads to greater overall prosperity.²

These estimates of losses are based on simple assumptions and should be regarded as conservative, because they do not take

into account the long-run productivity gains that would flow from improved allocation of talents within the larger pool of labor consisting of both male and female workers.

This book contributes to academic and policy debates pertaining to women, work, gender equality, and welfare in the MENA region. The findings and recommendations have implications for policy dialogues and initiatives, especially those connected with the follow-up to the Millennium Development Goals that pertain to gender equality and women's empowerment. The book is also a contribution to academic, policy, and political debates in the wake of the various transitions in the region — whether triggered by the Arab Spring or by civil society demands — because these present opportunities for significant reforms and policy changes that must increasingly take into account the inclusion and engagement of women at all levels of the public and economic spheres in these societies. The challenge for governments old and new will be to seriously consider the benefits of social investments that promote women's economic participation.

This overview chapter provides an empirical and conceptual context for the book. We begin by presenting data and discussion on patterns and trends in women's social and economic participation in the region and then highlight the main themes and findings from the individual studies, as well as selected recent literature. We conclude by offering policy recommendations and highlighting some areas and suggestions for future research.

1.1 Socio-demographic trends, women's work, and social wellbeing

A number of socio-demographic trends and aspects of gender roles distinguish the MENA region from other regions and need to be explained as an interrelated set of phenomena.

1.1.1 *In education, gender gaps have closed*

First, in educational attainment, women in MENA have made significant progress over the past three decades. Enrollment indicators

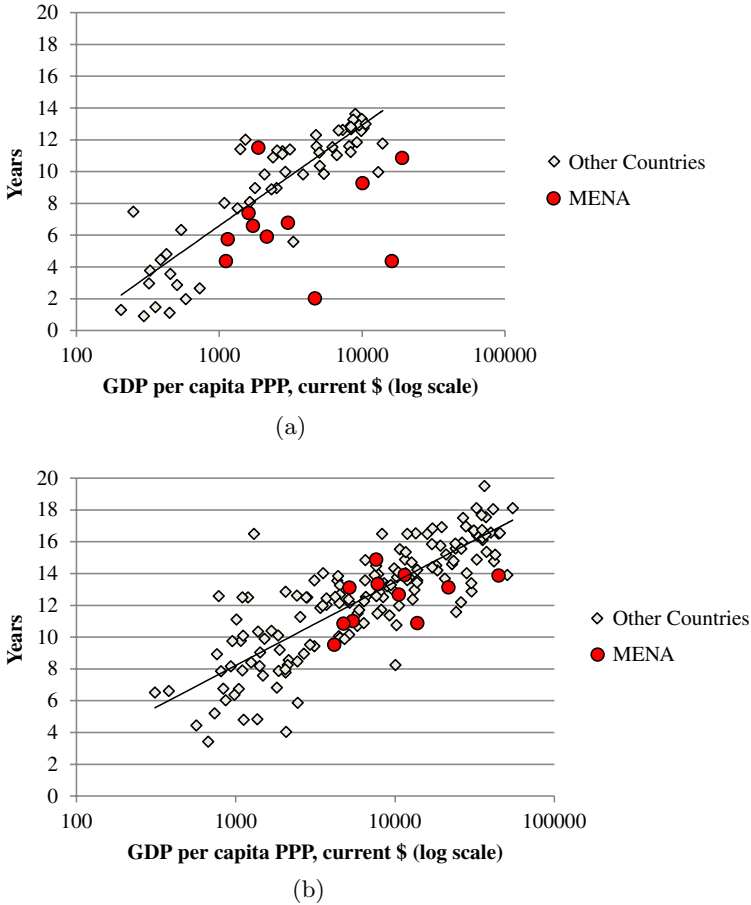


Figure 1.1: Mean years of schooling of females in MENA countries and other countries by per capita GDP, 1980 and 2010. (a) 1980. (b) (2005–2010 average)

as well as indicators of the overall stock of educational attainment show that women’s educational attainment has been improving much faster than that of men, and that the wide gender gap in educational attainments that prevailed during the 1960s and the 1970s has been bridged (Fig. 1.1). The MENA countries have moved from being outliers to a situation where the gender gap is commensurated with their development status. This indicates that girls are not discriminated against within families in terms of investment in education, and that

they have the aspirations and incentives to acquire education as much as or even more than boys.

By 2010, the average mean years of schooling for females in the region as a whole stood at close to 14 years. In 11 MENA countries, the share of female enrollments at the tertiary level is now larger than that of males,³ and in the GCC countries, these ratios are well above 200 percent. It is also worth noting that the gender gap in science and math in the MENA region is the opposite of that in other regions. Fryer and Levitt (2009) find that in Muslim countries, in spite of women's presumed low empowerment, 'there is little or no gender gap in math.' The presence of such a large population of educated women potentially has significant implications for human capital formation, household welfare, and women's empowerment.

1.1.2 *Fertility rates have declined*

Second, in conformity with theory, female educational attainment has been associated with a rapid decline in fertility rates in MENA countries. The late demographic transition in the MENA region during the period of rapid educational attainment by women has produced both opportunities and challenges for economic development. Since 1980, the high fertility rates of the past have declined dramatically (Fig. 1.2). Lower fertility and smaller family size are functions of modernization and socio-economic development, but they are also measures of modernization, development, and women's changing roles.

As late as 1980, all MENA countries had fertility rates well above four and most had rates above six. Relative to levels of per capita income, these rates were much higher than international averages. Over the subsequent three decades, remarkable declines in fertility rates took place in most countries, and by 2010 only three countries (Yemen, Iraq, and West Bank and Gaza) showed fertility rates above four.⁴ In Iran, declining fertility rates have resulted both from women's rising educational attainment and from government family planning services. Lower fertility rates are also associated with better health outcomes for women and children; as such, declining fertility

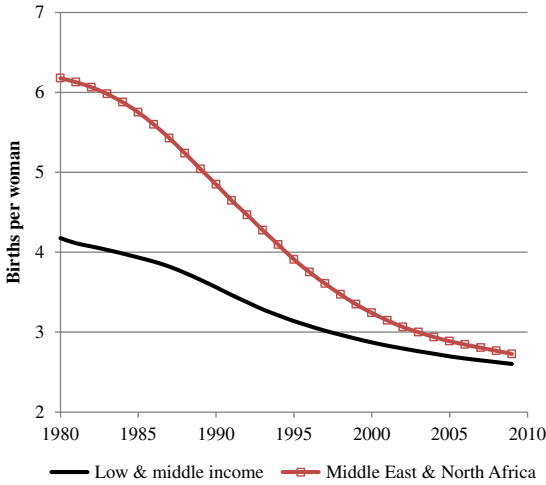


Figure 1.2: Total fertility rate, MENA and developing countries, 1980–2010.

has been accompanied by declines in maternal mortality, and infant and child mortality.

1.1.3 *Women's labor force participation rates remain low*

Third, women's labor force participation rates in MENA remain low by international standards. Contrary to economic theory and the experience of countries elsewhere, MENA's rapid rates of progress in female education, and the associated fertility decline, have not been translated into commensurate rates of increase in female labor force participation (Table 1.2) or in women's share of non-agricultural paid employment (Fig. 1.3).⁵ The average rate of female participation in the region moved slowly upward from 22 percent in 1980–1985 to about 28 percent in 2005–2010 — in sharp contrast to rates and trends in other regions, irrespective of their development status. The evidence suggests that the gap between the MENA countries and countries in other regions has widened, despite MENA's remarkable convergence with the rest of the world in terms of female education and fertility decline.

Changes in the share of female labor have of course varied across individual MENA countries, stagnating or declining in some (Egypt,

Table 1.2: Female labor force participation rates in MENA and other regions, 1980–2010

| | 1980–1985 | 2005–2010 |
|---------------------------|-----------|-----------|
| MENA | 22.1 | 27.9 |
| Latin America & Caribbean | 39.6 | 54.6 |
| East Asia & Pacific | 69.6 | 69.3 |
| South Asia | 34.9 | 36.8 |
| Sub-Saharan Africa | 44.1 | 60.9 |
| North America | 61.5 | 69.1 |
| Europe & Central Asia | 58.5 | 61.4 |
| World | 55.2 | 56.9 |

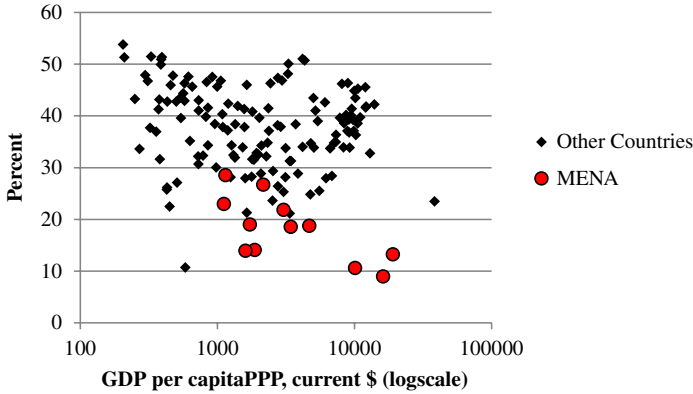
Source: WDI, World Bank (2000).

Notes: % of female population ages 15–64

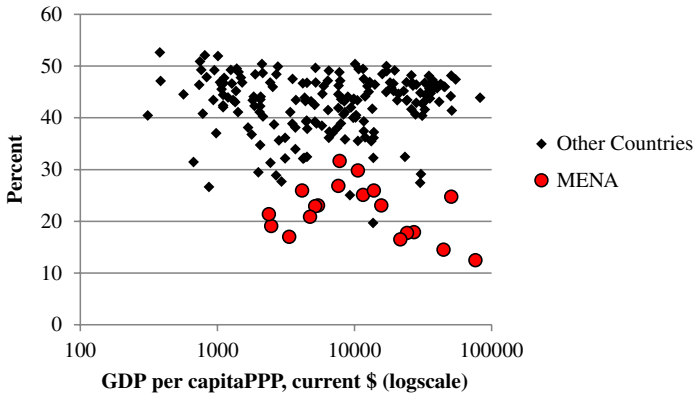
Iran, and Turkey), and increasing in others (GCC countries except for Oman).⁶ But even those MENA countries with the largest female employment shares, notably Algeria and Tunisia, lag behind international averages.

Three factors contribute to the low female labor force participation rate in MENA in relation to other regions. First, by and large the mandatory retirement age for men and women in MENA countries is set at about five to ten years below than that in advanced economies and most emerging regions, and for women it is typically around 50 to 55 years of age.⁷ The low retirement age excises a segment of working women from the labor force, while their age-cohorts in other countries remain in the labor force considerably longer.⁸ In light of women's absence from the labor market due to child rearing, the early, and often mandatory, attrition of women workers reduces their ability to accumulate pension rights and raise their ending-employment salaries. In numerous anecdotal cases, women who were nearing the retirement age have been denied promotions in anticipation of their departure.

Second, the low labor-force participation rates in MENA countries also reflect the lack of participation of a group that normally forms the backbone of the female labor force in other countries: married women with middle-range educational attainments (essentially



(a)



(b)

Figure 1.3: Share of female labor force in MENA countries and other regions by per capita GDP, 2008–2010 (a) 1980. (b) 2010.

Source: Based on WDI, World Bank (2003).

Note: Following Karshenas (2001a), the data depict the labor force participation shares of females in the non-agricultural sectors. Countries are arrayed according to their respective per capita income levels. The Figure includes data for the oil-rich GCC countries.

high school graduates), from the middle or working classes, and in the middle age group of 35–65. These are typically women who have completed their childbearing plans but have still significant skills and whose financial needs for a growing family warrant their economic

activity. Such a demographic structure of the labor force implies that to move much beyond a 30 percent FLFP threshold — below which the labor force largely consists of younger women, women who head households, or women who must work — these ‘middle’ groups of women, who are largely married, must be brought into the labor market.

Social norms that discourage women from working may be particularly binding on these middle groups. In MENA countries, we find that the institution of marriage, rather than child rearing, is the real impediment to working outside the home, particularly for the women in the ‘middle.’ In comparison, in the United States, only 10 percent of women high school dropouts participate in the labor force, but 58.5 percent of the women who completed high school are in the labor force, and of them around 60 percent are married (BLS, 2014).

Gaining tertiary education is generally seen as a way to overcome traditional norms and other social barriers, and can explain why women in MENA still vigorously pursue university education despite their grim prospects in the job market (discussed in the next section). This aspect of women’s labor in the MENA region is highlighted in Chamlou and others (Chapter 12) and some of the individual country studies in this volume.

A third contributor to the low, and in some countries declining, female labor force participation in MENA is the rapid progress made in education, which has meant that the 15–24 age cohort (both men and women) typically stays in school longer before entering the labor force. This trend is reflected in the relatively large shares of female job-seekers who have tertiary education (Table 1.3).

1.1.4 *Women’s unemployment rates are high*

Unemployment rates among MENA women are very high, especially among women with university education (Table 1.4). The likelihood of being unemployed is 20 to 400 percent higher among labor force participants with tertiary education than it is among participants with less education. Unemployment among college-educated women seems to be greater because their economic activity rate is higher than that of women with secondary or primary education. Of course

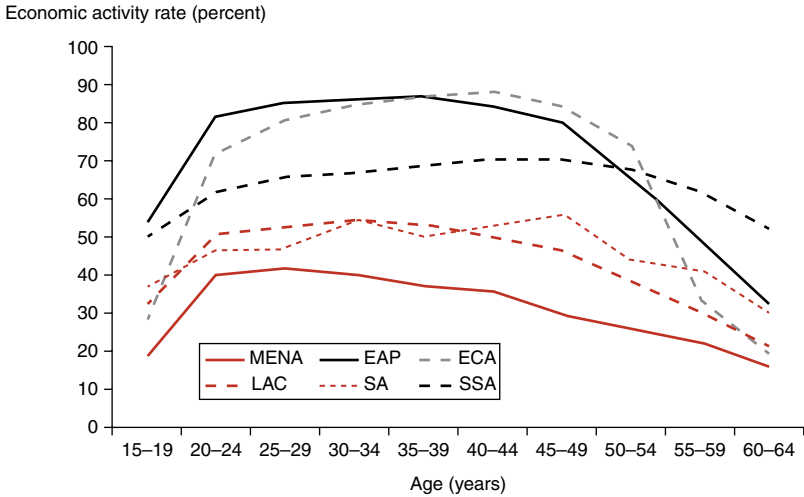


Figure 1.4: Female labor force participation by age cohorts

Source: World Bank (2004).

most women of working age, female labor force participants, and unemployed women have less than tertiary education, so any explanation of the low and sluggish female labor force participation rate in the region needs to address the participation rates of these relatively less educated women.

High and persistent unemployment rates among women since the mid-1990s have been noted in various studies of the region's labor markets (e.g. Shaban and others, 1995; Moghadam, 1995; and World Bank, 2004 and 2014). Moghadam (1995) has referred to the 'feminization of unemployment' to describe the disproportionately high rates of unemployment for women. The situation has not changed in the second decade of the new century.

1.2 Explaining patterns and trends

The weak incorporation of women's labor in MENA economies has received various explanations. Some have focused on the role played by Islam or culture or the rentier state (e.g. Fish, 2002; Inglehart and Norris, 2003; Donno and Russett, 2004; Ross, 2008). These

Table 1.3: Female workforce, by educational level, MENA countries

| | | Latest (Percent of female labor force) | | | |
|----------------------|---------|--|-----------|----------|------|
| | | Below | | | |
| Year | Primary | Primary | Secondary | Tertiary | |
| Algeria | 2004 | 25 | 31.9 | 23.3 | 19.8 |
| Bahrain | | n.a | n.a | n.a | n.a |
| Egypt, Arab Rep. | | n.a | n.a | n.a | n.a |
| Iran, Islamic Rep. | 2007 | 19.1 | 33.9 | 19.2 | 27.8 |
| Iraq | | n.a | n.a | n.a | n.a |
| Jordan | | n.a | n.a | n.a | n.a |
| Kuwait | 2003 | 43.7 | 18.8 | 21 | 16.5 |
| Lebanon | | n.a | n.a | n.a | n.a |
| Libya | | n.a | n.a | n.a | n.a |
| Morocco | 2006 | 59 | 21.8 | 8.5 | 10.7 |
| Oman | 2000 | 10.9 | 14.3 | 42.7 | 32.1 |
| Qatar | 2004 | 45.8 | 6.1 | 16.1 | 32 |
| Saudi Arabia | | n.a | n.a | n.a | n.a |
| Syria | 2003 | 19.9 | 41.8 | 29.5 | 8.8 |
| Tunisia | 1997 | 24.2 | 36.1 | 30.8 | 8.9 |
| Turkey | 2007 | 18.3 | 45.5 | 18.7 | 17.5 |
| United Arab Emirates | 2005 | 20.3 | 18.3 | 31.8 | 29.6 |
| West Bank and Gaza | 2007 | 15.4 | 31.5 | 8.9 | 44.2 |
| Yemen, Rep. | 1999 | 88.7 | 2.9 | 1.0 | 7.4 |

Source: Based on WDI, World Bank (2000).

studies have a number of shortcomings: they seek single-variable explanations, work entirely with aggregate data, do not recognize variations, and therefore cannot explain differentiation — much less evolution and change. They often use similar datasets and statistical tools but come up with very different findings. Any adequate explanation of the female labor contribution in the MENA region should be able to incorporate all of the stylized facts highlighted in the previous section.

Other studies recognize the salience of a broader set of political economy and institutional factors. For example, Karshenas (2001a) analyzes women's low labor force participation and low educational attainments as a combined path-dependent historical process in which economic circumstances during a period of rapid urbanization

Table 1.4: Female unemployment rates, by educational level, MENA countries, 2000–2009 average

| | 1 | 2 | 3 | 4 |
|----------------------|--------------|-----------------------|-----------------|------------|
| | Total | Below Tertiary | Tertiary | 3/2 |
| Algeria | 19.5 | 16.2 | 29.6 | 1.8 |
| Bahrain | 10.5 | n.a | n.a | n.a |
| Egypt, Arab Rep. | 22.7 | n.a | n.a | n.a |
| Iran, Islamic Rep. | 18.2 | 15.8 | 23.5 | 1.5 |
| Iraq | 16.9 | n.a | n.a | n.a |
| Jordan | 21.4 | n.a | n.a | n.a |
| Kuwait | 1.8 | 1.2 | 1.5 | 1.2 |
| Lebanon | 8.9 | n.a | n.a | n.a |
| Libya | 4.2 | n.a | n.a | n.a |
| Morocco | 11.2 | 7.6 | 33.3 | 4.4 |
| Oman | 6.8 | n.a | n.a | n.a |
| Qatar | 6.4 | n.a | n.a | n.a |
| Saudi Arabia | 12.4 | n.a | n.a | n.a |
| Syrian Arab Republic | 20.2 | 19.2 | 31.2 | 1.6 |
| Tunisia | 16.7 | 13.4 | 26.6 | 2.0 |
| Turkey | 10.4 | 9.3 | 11.7 | 1.3 |
| United Arab Emirates | 7.2 | 5.7 | 9.7 | 1.7 |
| West Bank and Gaza | 20.6 | 8.2 | 34.7 | 4.2 |
| Yemen, Rep. | n.a | n.a | n.a | n.a |

Source: Based on WDI, World Bank (2000).

Note: Average for 2000–2009.

led to the prevalence of single-breadwinner families. That study, however, is mainly concerned with post-World War II developments up to the 1990s, and does not cover the more recent period where rapid increases in women’s educational attainments have bridged the gender gap in education. Karshenas and Moghadam (2006) examine the phenomenon in terms of the policies of patriarchal MENA societies, which maintain the gender division of labor alongside traditions — largely kept in place by family laws and other legal provisions — that place women under the supervision of husbands or male kin (referred to in Moghadam, 1998 and 2013 as the patriarchal gender contract).

To be sure, the factors highlighted in the literature play their part. But from a policy perspective, it is important to establish the causal links between these different elements and to understand their

interactions within a coherent analytical framework that can handle both diversity and change.

1.2.1 *Elements of a new analytical framework*

A good starting point may be to apply the predictions of existing economic models of female labor supply to the realities of the MENA region. As observed in the previous section, the question of low female labor force participation in MENA is puzzling when viewed in relation to educational attainments and fertility rates in the region. This puzzle arises in the context of theories and models of female labor supply in which women's human capital accumulation plays a key role in their paid labor market experience. Higher educational attainment by women increases their market remuneration while declining fertility is likely to reduce their reservation wage, both creating a tendency for rapid increase in female labor supply. The closure of the gender gap in education and the fall in fertility rates, according to theory, must mean that there is a large army of potential female workers in MENA countries.

What may inhibit this potential labor supply from being actualized? The different possible answers to this question furnish the elements necessary to construct an adequate analytical framework for understanding female labor supply in different countries in the MENA region. In what follows, we discuss some of these elements: education, discrimination, reservation wages, internalized gender roles, and economic policies. These same elements form the interconnected principles around which the chapters of the book are organized.

The conventional thinking is that educational systems in MENA countries do not provide women with the skills necessary to enhance their productivity in market-based activities. This argument is challenged with the evidence that women in MENA, at least as much as men in MENA, are increasing their access to the hard and the soft skills necessary to participate in the labor force. Furthermore, as the chapters in Part I demonstrate, the social and personal returns are higher to female education than male in various countries (controlling for other important factors at the micro, meso, and macro levels).

Overall, the chapters in Part I highlight that education not only has direct monetary and non-monetary benefits for women but also provides considerable positive externalities for their families and for society in general. Conversely, the absence of education for women results in higher incidence of poverty and lower levels of potential for their families.

Another explanation may lie with discriminatory practices in the workplace and difficulty for women's low participation in obtaining access to credit and productive assets. The chapters on female entrepreneurship in Part II address aspects of this hypothesis, showing how in many countries women are crowded into the micro-enterprise sector, and lack the training and other supports they would need to expand their businesses and raise their profits. In addition, there is ample evidence that in many countries certain occupations are considered unsuitable or inappropriate for women. In some countries, the dearth of women who can take up certain "female" jobs is addressed by the importation of foreign female workers (especially in the retail and hospitality sectors) or the presence of strict occupational sex segregation. In nearly all countries, economic and financial decision making positions in the public and private sectors are largely held by men.

Another set of explanations relates to reservation wages and internalized gender roles. Despite the fall in fertility rates, if the cost of home care for children and the elderly is high, female workers are likely to have high reservation wages. In the absence of institutional supports for women with family responsibilities, the reservation wage is likely to remain high. The role of cultural attitudes in inhibiting the emergence of such institutional support, and in the persistence of structural and institutional barriers to women's participation and rights, has long been a key sociological question (see, e.g. Clark and others, 1991). Discriminatory legal and policy frameworks — whether inscribed in constitutions, labor law, or family law — may reinforce the traditional gender division of labor and perpetuate patriarchal male-breadwinner family structures (Karshenas and Moghadam, 2006, and World Bank, 2004). Such gender roles are in turn internalized by women and reflected in the type of education

they seek, in their marriage and career choices, and life course in general. A number of chapters in Part III of this book examine these issues using survey data and controlling for other influential factors. Chapter 15 demonstrates the cost of such inhibiting factors in terms of forgone foreign investment.

Finally, government policies may discriminate against female market-based activities. Part IV of the book examines possible gender bias in government policies. The chapters on trade liberalization and fiscal impacts on female labor add to the body of evidence that trade and fiscal policies are wittingly or unwittingly adopted in a way that discriminates against women workers and women's businesses. Previous studies that have documented such outcomes include Elson (1995), CAWTAR (2001), and Moghadam (2005).

1.2.2 *Outline of the volume*

Part I of the volume addresses socio-demographics, looking at gender differences in the returns to education and experiences in the labor market, in household poverty, and approaches to the rearing of children. The chapters that deal with various aspects of female education demonstrate significant and tangible impacts of women's improved education not only in terms of returns to themselves, but more importantly to their families, life-time cognitive skills, and to the overall growth and welfare of their communities and economies. In Chapter 2, Tansel and Daoud compare the private returns to education for men and women in Palestine and Turkey over the period 2004–2008 and find that the returns were higher for women than for men. The gender gap widened over time in Turkey and more so in Palestine. The data show higher returns in the formal and informal private sectors in Turkey than in Palestine, perhaps because the labor market in Palestine is dominated by the government and donor-funded sectors.

Looking at how women's education affects economic development in Turkey, Tansel and Güngör (Chapter 3) report that it positively and significantly affects the steady-state level of labor productivity, while the effect of male education is in general either positive or insignificant. Another important finding is that the educational gender gap

negatively affects economic output. These findings confirm the observations made earlier in the present chapter about the potential gains of female educational attainment and labor force participation.

In Egypt, Roushdy, and Namoro (Chapter 4) show that mothers' and fathers' characteristics — such as the educational attainment of parents and the contributions made by the mother and the father to their respective marriage costs — have differential effects on children's education and work. The findings are consistent with the assumption that the mother's and the father's relative decision-making powers differently affect children's welfare, especially children's educational attainment.⁹

The importance of closing gender gaps in literacy and educational attainment is starkly shown in Chapter 5, where Yount evaluates the life-course determinants of cognitive functioning among 1,003 women and men aged 50 years and above in Ismailia, Egypt. Gender gaps in childhood cognitive resources, and especially in schooling attainment, account for the largest share (18 percent) of the gender gap in adults' cognitive functioning. The implications for economic contribution, household wellbeing, and individual functioning are all too clear.

In Jordan, Farash (Chapter 6) finds that female-headed households are three times more likely to be below the poverty line as average households. Only one in four of women household heads has ever been employed and more than half are functionally illiterate. Farash highlights important implications for the children of these families, among whom unemployment is very high.

Part II of the book examines women's entrepreneurship. Women in MENA countries face discriminatory practices in the workplace and in obtaining access to credit and productive assets. Often they are crowded into the micro-enterprise sector lack the training, credits, and other supports needed to render their enterprises more profitable. The studies in this part of the volume show that entrepreneurship has the potential to expand not only to provide much-needed employment for women in all economic strata, but also to create jobs over a broad spectrum of activities. By and large, while women face natural barriers resulting from their family needs as well as some socially imposed barriers, recent trends show that educated women seem increasingly likely to become entrepreneurs — due either to opportunity or to

necessity in light of the high unemployment rates — and particularly so in knowledge-intensive start-ups (Mahajan, 2012; Schroeder, 2013). To promote women's entrepreneurship, it will be important for policymakers to pay closer attention to the business environment and to remove barriers that could be particularly high for women, given gender-based impediments in society (World Bank, 2008).

In Egypt, El Mahdi (Chapter 7) finds that women entrepreneurs start their businesses from a relatively modest base, lower educational backgrounds, and more limited training and experience than their male counterparts. These modest beginnings affect the size of their enterprises, markets, economic activities, products, and performance. In Lebanon, Hamdan and colleagues (Chapter 8) find that while the institutional and legal framework for small enterprises is one of gender equality, women's legal status is inferior to men's within Lebanon's personal status codes across all religious denominations, and that these codes prejudice the activities of women entrepreneurs. Similarly in Turkey, Ozar (Chapter 9) finds that the male-dominated social structure of society constitutes a serious barrier to women's entrepreneurship; gender discrimination experienced by women in the private as well as the public sphere significantly limits their visible participation in the economic life outside their homes. In Algeria, too, Chennouf and Hafsi (Chapter 10) find that women's child-rearing and family responsibilities keep them out of the labor market for a considerable time, reducing their potential work experience and their potential to be self-employed. Educational level, work experience, and whether the economic opportunity is in industry or in services all significantly affect whether men and women choose to work as wage earners or as self-employed persons.

Studying gender and entrepreneurship in Iran, using a survey instrument similar to the World Bank's Enterprise Survey, Bahramitash and Esfahani (Chapter 11) find that female entrepreneurs are more prevalent in larger firms than in small and medium-sized ones. Their findings are similar to those for other countries in the region (reported in World Bank, 2008). Their research also highlights female entrepreneurs' high presence in the new-economy sectors: services, and information and communications technology. This pattern could

be attributable to increased female education and to lower entry barriers in knowledge-intensive sectors. In some cases women's businesses in Iran face gender-based disadvantages, particularly in accessing telecoms services and the Internet. Yet compared to their counterparts elsewhere in MENA, they expressed fewer complaints about other aspects of business such as obtaining permits and paying taxes. Most importantly, the authors find that economic sanctions imposed by the West pose a major obstacle to women's businesses in Iran, mainly because these firms are relatively new and tend to be technology- and trade-intensive.

Part III of the book examines labor market issues. One of its pervading themes is the role of cultural attitudes in the persistence of structural and institutional barriers to women's participation, opportunity, and rights. Chamlou and her colleagues (Chapter 12) focus on the role of education and social norms in shaping female labor participation in Amman, Cairo, and Sana'a, using data from a survey of 8,000 households covering 40,000 men and women across age groups, education, and income categories. They find that tertiary education increases female labor supply, and that women with this level of education participate at rates close to those of their counterparts in non-MENA countries at comparable respective levels of development. By contrast, labor force participation rates are significantly lower among women with 'middle' education (completed secondary), from the middle classes, and of middle age (30–60 years). As noted above, this 'missing middle' is one of the factors in the overall low participation rate in MENA. Moreover, the authors find that it is marriage (specifically, husbands' attitude toward women's outside work), more than the effect of having children, that significantly influences whether or not women are economically active.

These findings are supported in Chapter 13 by Fatemeh Moghadam and colleagues who explore how social, cultural, and religious factors affect female labor force participation in Dubai. Using a similar survey instrument to that used for Chapter 12, the authors find that marriage and conservative cultural norms constitute the primary causes of economic inactivity among women in Dubai City. Secondary and tertiary education have strong positive impacts on labor

force participation. The study highlights institutional factors, emphasizing that changing perceptions and actions coexist with many old cultural and social norms. Unlike in Amman, Cairo, and Sana'a, where men were found to be more conservative than women, in Dubai, the women survey respondents expressed more conservative views than men, and expressed more support than men for cultural norms that allow for male control and limit women's freedom to move and choose employment. Consistent across the four cities is a puzzling finding that the younger generation (aged 15–24) express more conservative views than older people, despite being better educated than previous generations. Later in the volume, Rutledge and Al Shamsi (Chapter 19) show that cultural attitudes and structural issues alike act as barriers to women's employment in Saudi Arabia and the UAE.

In Chapter 14, on wages and employment choices in Palestine, Shanti and Daoud show positive returns to education at all levels. Their analysis of gender wage differentials shows that in the public sector, predicted hourly wages are consistently higher for women than men, but that in the private and 'other' sectors the results are mixed. Such wage differentials help explain why better educated women migrate toward the public sector, and those with lower educational levels are more likely to be found in the private sector. In OECD countries, wage gaps are increasingly considered to be a factor in women's lower participation rates, but MENA has relatively narrow or no wage gaps, even within the same occupations and after controlling for individual characteristics. This can be partly explained by the small share of women in wage employment: those women who remain in the workforce are often more educated than their male counterparts in the same jobs (World Bank, 2004; IMF, 2013).

In Chapter 15, Chamlou and van Gorp explore the attractiveness of MENA relative to other regions for trade in services by European firms. Businesses no longer just search for low-cost labor but also seek to tap into the talent markets of emerging countries in knowledge-intensive core business functions. Women make up an ever-growing segment of the global talent pool, as they outnumber men in universities. The authors find that MENA has a significant advantage

associated with its female talent pool, both in hard skills and, more importantly, in much-coveted soft skills, but also has highly significant disadvantages due to the impediments that women face in joining and staying in the labor market. They suggest that MENA may well be losing to competitors in attracting jobs in this growing and highly competitive global sector, and that the lower availability and retention of a female workforce is a contributing factor.

Part IV of the volume explores the gender impact of government policies. In Chapter 16, Al-Azzawi explains a widening gender wage gap in Egypt in terms of the effects of trade liberalization, which, she finds, has had a largely negative impact on women's relative wages and on their employment (even after controlling for the public-private distinction as well as the occupational distinction). She also finds some evidence supporting a favorable impact of increased export intensity on females in the labor market. The findings have important implications for policymakers attempting to create more equitable labor market conditions in post-Arab Spring Egypt.

Chapter 17, by Fofana and others, analyzes gender biases in employment that are induced by tax policy in Algeria, Egypt, Morocco, and Tunisia. The authors find that indirect taxes, in particular import duties, are biased toward female employment in Algeria and Egypt but not in Morocco and Tunisia. Female labor-intensive industries in the former countries are highly protected and are not competitive internationally, so that removing protection would increase competition with cheaper import substitutes and cause the sector to contract and lay off workers. In Morocco and Tunisia, female labor-intensive industries are less protected, so the removal of indirect taxes would result in quasi-neutral effects between male and female salary and wage earnings. In the long run, there is a need to enhance women workers' exposure to export-oriented industries, through a comprehensive and cost-efficient strategy for diversifying female employment. The strategy should also ensure that women will not suffer from future tax reforms in these countries.

In Iran (Chapter 18), Salehi-Isfahani examines how an important government policy — the construction of rural health clinics and promotion of family planning — affected the fertility and education

of rural women. He finds that the direct effect of family planning on fertility was rather modest but that the government's push to win acceptance of family planning played a crucial role in helping women to overcome the traditional norms against their participation in the fertility decisions of the family. The ability of young rural women to seek independent advice from health practitioners shifted power over this important family decision from men and the extended family to women. At the societal level, it broadened the definition of a 'good Muslim woman' from one who obeys her husband and primarily engages in childbearing and domestic work to one who has a say in important decisions about childbearing and child education.

In Chapter 19, Rutledge and Al Shamsi analyze the impact of Saudi and Emirati labor market policies on female unemployment rates. Rising levels of unemployment of nationals constitute a key policy challenge for the countries of the Persian Gulf — not least because most of the new jobs will need to be created in the private sector. The authors find that while women obtain proportionately more than men of the vocationally oriented tertiary level qualifications that the private sector generally requires, structural issues and cultural attitudes continue to discourage women's employment in this sector. The consensus among policymakers interviewed in Saudi Arabia and the United Arab Emirates is that though labor nationalization policies have produced a small increase in women's employment, more gender-focused labor market reforms will be needed to normalize the role of women nationals pursuing a private sector career.

1.3 Enhancing the economic contribution of women in the MENA region

How can women's economic contributions be enhanced, to meet the goals of both economic growth and women's empowerment? Having made progress on the education and health fronts, the MENA region is clearly entering the 'second generation' phase of gender equality. Hitherto, gender issues have been advanced in a non-coordinated, silo fashion largely by non-governmental organizations and women's rights groups, but research suggests a need for

well-designed, *comprehensive* approaches to boost women's economic opportunities and participation (Revenga and Shetty, 2012; Aguirre and others, 2012; Duflo, 2012). The need is for an integrated set of policies that can provide equal economic opportunities and unleash women's full potential for economic growth.

To understand the dynamics of gender inequality, one must also consider other factors that govern the functioning of labor markets and society. The last few years have witnessed talk about the need for a changing social contract in MENA. This new contract needs to incorporate the elements that provide all men and women with equal opportunity, and allow a re-engineering of the incentives and structures that currently support non-conducive social norms and barriers.

The Fourth World Conference on Women called for attention to the adverse effects of certain economic policies on women and for women's greater participation in economic decision making. Of the eight Millennium Development Goals, Goal Three calls for achieving gender equality by increasing literacy, educational attainment, and women's political participation. The International Labor Organization, along with global union federations, has campaigned for what it calls 'decent work' and 'a fair globalization.' The Center of Arab Women for Training and Research in its 2001 report on gender and globalization issued three broad recommendations: engender Arab labor markets; ensure that Arab women have market-relevant skills; and promote civil-society institutions and organizations (CAWTAR, 2001). Most importantly, MENA countries need to create an environment in which public policy and prevailing social norms are conducive to women's economic participation and rights. Achieving such an environment will entail cooperation across government agencies, business groups, and non-governmental organizations to provide support structures that enable mothers to work — including paid maternity leave of adequate length, quality childcare for working mothers, and provisions for elder care — along with media campaigns and educational materials that present women not only as daughters, wives, and mothers but also as workers, citizens, and leaders.

The increased integration of women into the economy has become a critical ingredient of economic policies not only in emerging economies

but also in advanced economies. Japan, as the world's third largest economy, considers increased participation in the labor force an important factor in getting out of a long-term low-growth trap. 'Womonomics,' as it has been termed in some countries, or work-family balance in others, seeks essentially to improve the quality of child and elderly care, the burden of which is often placed on women, while increasing the quantity and lowering the cost of such services. Countries are also increasingly realizing that to have an innovative private sector that stays in touch with ever-changing domestic and global markets, their political and business communities need to reflect diverse perspectives and insights. Goals of increasing the presence of women in political and business leadership and decision making have been translated into public policy with specific time-based targets, incentives, and consequences. International organizations, too, have intensified their research and operational efforts to increase women's contributions to all dimensions of economic activity.

Other policies that countries have shown to be effective include support for women's entrepreneurship and the access of female-owned firms to public sector contracts and procurement; fiscal policies that do not penalize but promote two-earner families; and enhanced access to all types of infrastructure. Though seemingly gender-neutral, decisions on the provision and use of infrastructure can affect women differently from men. For instance, electricity outages in Egypt caused significantly higher sales losses for firms owned by women than for firms owned by men (World Bank, 2008: 26). Bus schedules, train station layout, and even the lighting of parking lots have all been shown to impact women's presence in the public sphere. As demonstrated in the chapters in this book, micro-inequalities in some areas can have lifelong effects across many domains, and reduce overall welfare in the society and growth in the economy.

The economic advancement of women in MENA is also tied to demand-side factors. In employment creation generally, countries in MENA have lagged behind those in other regions.¹⁰ Slow growth of the private sector has resulted in slow job growth and high unemployment that has affected youth and women disproportionately. Employment can be increased by policies that help raise

Table 1.5: Economic dependency ratios, by region

| Region | Persons supported per employed person (2013) |
|---|--|
| World | 1.7 |
| Developed Economies & European Union | 1.8 |
| Central & South-Eastern Europe (non-EU) & CIS | 1.8 |
| East Asia | 1.5 |
| South-East Asia & the Pacific | 1.5 |
| South Asia | 1.9 |
| Latin America & the Caribbean | 1.6 |
| Middle East and North Africa | 2.3 |
| Sub-Saharan Africa | 1.5 |

Source: Key Indicators of Labor Markets (8th edition — Table R2).

the productivity of workers and encourage new startups. Economic reforms will improve economic opportunities for all, and women will be important beneficiaries of these reforms, if the reforms succeed in removing all types of barriers faced by each and every citizen. If the reforms go only half way toward creating a level playing field — or if policies contradict one another, by promoting economic development on the one hand while sustaining the subordination of one socio-economic group on the other — they will not achieve their intended goal (see the Irish case in Pyle, 1990).

Decades ago, within the context of closed, natural-resource-based economies in MENA, families could rely largely on one income, and one single earner, mostly the husband, to fulfill most of their needs. In the current globalized world, the one-earner family is under severe strain and on its way out (Karshenas, 2001a). As Table 1.5 illustrates, despite its impressive fertility decline MENA has the highest economic dependency ratio of all regions: every employed person supports an average of 2.3 persons, nearly half a person more than the world average of 1.7. As a result, most of the routine goods and services necessary for the family's maintenance have to be provided or heavily subsidized by the state. Food and energy subsidies in MENA are the highest in the world and have introduced major distortions in the economy. Many countries at similar income levels elsewhere in the world function with lower per capita public expenditures in

health and education, and deliver higher quality, simply because their households have dual or multiple income earners and so can meet a larger share of their own expenses than can MENA's households. In a way, the system unintentionally encourages and sustains one-income families. As a result, there is a vicious cycle that sustains family structures that make reforms difficult to initiate.

Simultaneously, a second vicious cycle is at work: inequalities in the private sphere and the home lead to inequalities in the public sphere, while discrimination in the public sphere reinforces discrimination in the private sphere (Chichilnisky, 2008). To achieve women's greater economic engagement in MENA, with the associated gains in growth and welfare, will require the removal of inequalities in both the private and public spheres.

Ultimately, labor force participation decisions are made within the household, and state policies are critical in the interaction between the family and the market. Part of the explanation for the paradox of low female economic activity lies with contradictory state policies. On the one hand, MENA governments have sought to promote economic growth and development — goals for which progress in education and health is critically important. Here state policy has been consistent and the female response has been commensurate and as expected. On the other hand, governments have also been keen to safeguard traditional cultural norms and male dominance, as structured in protective and discriminatory employment policies and conservative family laws. Here too, women's response has been commensurate and demonstrated in low economic participation. As such, contradictory state policies are a crucial feature of the MENA female economic participation paradox.¹¹

1.4 Areas for future research

Understanding why female labor force participation is low will be critical in constructing a coherent analytical framework for formulating effective policy measures to deal with a phenomenon that is clearly creating a considerable waste of resources in various MENA countries. The evidence offered in this book may be helpful in guiding

future research by economists, political scientists, and sociologists. On the one hand — since nearly all advanced and emerging countries have faced, or are, to some degree, still struggling with the same issues as those in MENA, in changing mindsets and social norms about women’s increased presence in the public sphere — research on MENA issues can certainly benefit from approaches applied elsewhere. At the same time, new topics and areas, such as climate change, are emerging that affect women differently than men and/or where women can affect outcomes differently than men. In both sets of topics, the research field is still only lightly trodden in MENA. Areas such as wages, productivity, entrepreneurship, migration, violence against women, conflict, work–family balance, subsidy reform, governance, climate change, and fiscal and monetary policy are relatively under-served and could benefit greatly from future research on how they impact women and vice versa. A major impediment to rigorous evidence-based research in the MENA region has been the poor availability of data. The papers in this volume indicate the boundaries of analytical and policy insights that the available data allow. In the policy field the dearth of adequate panel data that can allow the formulation and testing of policy-relevant hypotheses is particularly evident. Giving more attention to data collection and data disclosure and closer collaboration between researchers and statistical offices should be a main thrust of any future effort.

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End Notes

¹The mechanisms behind this potential contribution of female labor to aggregate output are similar to the contribution of the so-called demographic gift to economic growth. For this reason, Karshenas and Moghadam (2006) have referred to this contribution as women’s gift to economic development in the context of MENA economies (see also Blumberg and others, 1995).

²Karshenas (2001b) has argued that the low FLFP of women in the MENA region, which has implied one-breadwinner family structures in the urban areas of these economies, has hindered wage flexibility and competitiveness and impeded the successful integration of the MENA economies into the global economy.

- ³In advanced economies, with their sizable baby-boom generation, the presence of the over-50 age cohort in the labor force is particularly significant.
- ⁴These three countries are exceptions that indeed prove the rule. One anomaly is that Jordanian women's high educational attainment has not been accompanied by rising employment or lowered fertility (fertility rates in Jordan remain at 3.8). This may be a result of the importation of female migrant workers for an array of occupations in Jordan, or of the role played by conservative social norms and family laws. (We return to these matters below).
- ⁵The female labor force participation rates shown in Fig. 1.3 may even be inflated in the case of the MENA region because the data include the GCC countries where the major share of female labor consists of migrant workers. Another reason for caution is that different countries may treat the participation of female members of farm households differently. The statistical treatment of farm households can affect the comparison of participation rates not only across countries but also within the same country over time. Because the share of rural population in a country's total adult population declines in the process of development, the inclusion of farm-household women in the calculation of the labor force participation rate would inevitably give the impression of a decline in the rate. For this reason the share of female employment in total urban employment may be a better indicator of female labor contribution both in cross-country comparisons and in discussion of trends.
- ⁶Since more than two-thirds of the labor force in a typical GCC country consists of migrant workers, the change in the GCC countries is more a reflection of the composition of the migrant labor. Nevertheless, as argued above, these figures give a better reflection of the participation of female labor in the GCC economies than does the conventional definition of female labor force participation.
- ⁷Except for Lebanon, where retirement age of men and women is the same.
- ⁸In advanced economies, with their sizable baby-boom generation, the presence of the over-50 age cohort in the labor force is particularly significant.
- ⁹Other research reveals that increases in the local supply of schools increase intergenerational mobility in education. In a recent paper, Assaad and Saleh (2013) show that the presence of schools, rather than parents' attitudes, explains school enrollments for girls. In Jordan for example, the expansion of schools has increased female educational attainment. Governments in countries with intergenerational persistence of educational attainment, such as Egypt, Morocco, and Yemen, should examine the local supply of schools for girls.
- ¹⁰Only 19 percent of the working age population has formal sector jobs in MENA, compared to 27 percent in Latin America and 40 percent in Eastern Europe and Central Asia. Statistics show that after 35 years in operation, firms in Tunisia and Egypt barely increased their productivity, while firms in Mexico, India, and Turkey increased their productivity two- to three-fold. And for every 10,000 persons of working age, on average only six limited liability companies were created annually in MENA compared to 26 worldwide (World Bank, 2014).
- ¹¹Here MENA's experience is consistent with that of other countries that earlier faced similar trade-offs between economic growth and patriarchal norms (Pyle, 1990).