GENDER-BASED DIFFERENCES AMONG ENTREPRENEURS AND WORKERS IN LEBANON

Randa Akeel¹

Introduction:

Are there significant differences between the perceptions and labor market experiences of male and female entrepreneurs and workers in Lebanon? Are such differences important to the optimal deployment of females in the workforce? This report approaches these issues empirically through two surveys conducted in 2007². The first was a survey of 235 formal sector firms³ (109 female owned and 126 male owned) and the second was a survey of 615 workers (342 females and 273 males).

Careful attention was paid to sampling and definitions to ensure reliable results. The samples for both surveys were stratified by sector of activity⁴ and firm size⁵ (defined by number of employees). Sample sizes were large enough to allow for statistically rigorous comparison between the two gender groups. Also, attention was paid to ensure that the definition of entrepreneur captured those who are operationally active in the management of their companies. In certain earlier surveys, share ownership had been used to define entrepreneurs, which could be misleading since some businesses are registered under the name of female owners who have no active role in company management.

Main Findings:

Entrepreneurs (see Table 1):
Female entrepreneurs, as opposed to male entrepreneurs, provide greater employment opportunities to other females. On average, 47 percent of the labor force in female owned enterprises was composed of women compared to 34 percent in male owned enterprises.

Women entrepreneurs provide better treatment to workers and are especially sensitive to the needs of female employees. The survey data show that 50 percent of female-owned firms offered family health insurance coverage to workers compared to 37 percent of male-owned firms. Eighty percent of female employees were given maternity leave upon request in female-owned firms compared to 72 percent in male-owned firms. Finally, in male owned firms, more than 6 percent of female employees’ requests for annual leave were rejected compared to less than 0.5 percent of such requests by male employees. However, in female owned firms, only 0.53 percent of annual leaves submitted by women and 0.1 percent submitted by male employees were denied.⁶

¹ Randa Akeel, Economist, MNSED. This Fast Brief is largely based on the Executive Summary of “Gender-Based Differences among Entrepreneurs and Workers in Lebanon.”
² While the survey was held nationwide, most of the substantive responses came from the Greater Beirut area. Two thirds of business activities in Lebanon take place in the Greater Beirut area.
³ Although weights were developed to achieve population representation, it should be noted that the firm samples do not provide a statistical incidence of female entrepreneurship in the Lebanese private sector per se; however, given the small number of female entrepreneurs and employers in Lebanon as shown by other sources it can somewhat reflect the situation on the ground. Annex 1 (of the main report) provides a detailed breakdown and explanation of the sampling and the data and to what extent it reflects the population.
⁴ Manufacturing, trade, services, construction, IT, and hotel & restaurants.
⁵ Small (>=5, <=9), medium (20-99), Large (100 and over).
⁶ The data also shows that women with young children (less than 7 years of age) ask for more leave than all other groups, however, neither these women, nor their male counterparts with young children have had their requests for annual or other leave rejected (sick leave is an exception where more women with children than men face rejection). Those facing the highest rejections to their
Female entrepreneurs have a better perception of female workers as opposed to their male colleagues: 40 percent consider female employees as more skilled/productive compared to 32 percent of male entrepreneurs.

Female entrepreneurs, as opposed to their counterparts, provide greater professional opportunities for other females: 73 percent of female owned firms had Boards with 20-50% female members as compared to only 36 percent of male owned firms.

Female entrepreneurs are more sensitive to financial and regulatory constraints. Female entrepreneurs listed such constraints higher among investment climate challenges than did male counterparts, which may be related to their differential access to finance. Sixty four percent of male entrepreneurs who financed their capital or operations had access to a bank loan as compared to only 48 percent of female entrepreneurs.

Workers (see Table 2):
Female workers are better educated than male workers: 65 percent of female workers have completed college education or above compared to 46 percent for males.

Female workers tend to be single and younger. The average age of female workers is 31 while that of male workers is 35. Among female workers, 68 percent are single while 29 percent are married. The corresponding numbers among male workers are 47 percent and 51 percent.

In certain respects, female workers face more challenging working conditions than do their male counterparts. A female employee’s request for leave for unexpected travel or funeral attendance is five times more likely to be rejected compared to the same request by a male employee. Moreover, the rejection rate for sick leave requests by female workers is 11 times higher than that for male workers (Figure 1). A closer look at the data shows that “leave discrimination” mostly occurs as it relates to un-married females without small children. Leave rejection rates for female and male workers with small children are practically non-existent and almost the same (0.55 percent versus 0 percent respectively).

Table 1: Survey Data - Enterprises

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<thead>
<tr>
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<th>Female Owned Firms</th>
<th>Male Owned Firms</th>
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<tbody>
<tr>
<td>Proportion of workforce that is female (%)</td>
<td>47</td>
<td>34</td>
</tr>
<tr>
<td>Proportion of firms offering family health insurance (%)</td>
<td>50</td>
<td>37</td>
</tr>
<tr>
<td>Maternity leave requests of female workers approved (%)</td>
<td>80</td>
<td>72</td>
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<tr>
<td>Annual leave requests of female workers rejected (%)</td>
<td>0.53</td>
<td>6</td>
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<tr>
<td>Annual leave requests of male workers rejected (%)</td>
<td>0.1</td>
<td>0.5</td>
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<tr>
<td>Firm owners who consider female workers to be more skilled/productive than male workers (%)</td>
<td>40</td>
<td>32</td>
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<tr>
<td>Proportion of firms with 20% - 50% of Board members female</td>
<td>73</td>
<td>36</td>
</tr>
<tr>
<td>Firms with access to a bank loan to finance capital or operations (%)</td>
<td>48</td>
<td>64</td>
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Figure 1: Percentage of leave requests denied by gender of the employee

leave requests (annual, sick, and other) are women without children.
The degree of sector segregation among women has declined over time. Thus, while older women (between 51 and 70 years of age) are heavily concentrated in the manufacturing sector, younger women tend to be more spread out across the main sectors of economic activity (see Figure 2).

**Figure 2: Female Employment by Sector and Age**

In their decision to work, female workers place a larger emphasis on non-wage factors than do male workers. Although income stability and high position are relevant to both female and male workers, non-wage conditions are especially important for women. When asked to prioritize, female workers stressed availability of flexible work, proximity to the home, no child at home, and availability of nurseries, while male workers listed monetary factors such as fixed salary, benefits, and availability of social security (NSSF) coverage.

Female workers face wage discrimination: nearly 27 percent of the wage difference between male and female employees is shown, by statistical analysis, to plausibly be attributable to discrimination. Wage gaps exist even within the same sector and occupation and even after controlling for different levels of education. However, wage discrimination varies by age and is non-existent for younger female workers. The survey data show that not only does the gender wage gap not exist for younger workers (under 30 years of age), these women are also just as likely as men to get promotions.

**Concluding remarks:**

The findings of this report show that compared to their male counterparts, female entrepreneurs tend to hire more women and to provide them with (as well as their male employees) better working conditions. Hence, making it easier for more women to become entrepreneurs should make a positive contribution both to female labor force participation and to general working conditions in the country. Public policy should focus, in particular, on two key constraints that female entrepreneurs face: access to finance and complex regulations.

Loan guarantee schemes for small businesses such as the one offered by Kafalat in Lebanon can be an effective mechanism to ease access to financing for

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7 National Social Security Fund.

8 Data is for wages only, hence this does not refer to earnings.

9 Differences in working hours: variables such as sex, age, and marital status affect the number of working hours. After controlling for these variables, there appeared no statistically significant difference in the number of working hours between female and male employees.
SMEs. Setting up such a program that focuses on supporting female entrepreneurs should be explored. Similarly, loan guarantee programs for individual loans such as those offered to students could be structured to support women wanting to pursue private sector related initiatives. With regards to reducing regulatory proceedings, some countries have set up service centers (usually at the Chamber of Commerce) that provide assistance in navigating all regulatory processes and agencies. Locating these centers within officially recognized and high profile associations such as the Chamber of Commerce would allow investors options other than resorting to unmonitored or unlicensed agencies and individuals where there is a high risk of not getting the full process done.

In terms of areas for further research, a gender based analysis of financing could highlight the ways in which women face these issues differently than men. In the Lebanese banking system, loans are highly collateralized and typically provided under an individual’s name as opposed to a company’s name. Women are less likely than men to own assets or to have assets registered in their name (such as land or housing), which can inhibit their ability to borrow.

The findings of this report also show that, for various reasons, certain categories of female workers (such as single women) find it more difficult to get leave. Married women (especially those with children) appear to struggle with maintaining the same level of work commitment compared to those not married, exhibiting high absenteeism and leave requests.

In addition, the low level of married female workers in the sample suggests that more women choose not to participate in the labor force when married. To support work for women with children, governments could support initiatives for childcare such as extending the school day, early childhood education and after school programs. Furthermore, revisions to the labor law should focus on facilitating flexible and part-time employment regulations and conditions.

The above findings pertain to formal sector firms. It would be useful to complement these findings with a survey of the gender characteristics of the informal and micro enterprise sectors, particularly since ninety percent of Lebanese firms are in the informal sector and are micro enterprises in size and nature.

Contact MNA K&L:
Nadir Mohammed, Director, MNA Operational Core Services Unit
David Steel, Manager, MNA Development Effectiveness Unit
Regional Quick Notes Team:
Omer Karasapan, Dina El-Naggar, Roby Fields, Najat Yamouri, and Aliya Jalloh
Tel #: (202) 473 8177

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10 Less than 5 employees.