

“I’m a stay at home businesswoman”: An insight into informal entrepreneurship in Jordan.

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Abstract

Purpose – Women and disadvantaged minorities within emerging and developing economies often resort to business activity within the informal economy as a way to overcome the various barriers and challenges to formal workforce participation. This paper aims to explore the characteristics, motives, barriers and challenges of female engagement in informal business activities in Jordan.

Design/methodology/approach – The qualitative analysis employed in this paper is based upon empirical findings from semi-structured, in-depth interviews with 14 female informal entrepreneurs in Amman, Jordan.

Findings – The study revealed that informal female entrepreneurs tend to be both opportunity and necessity driven. Generating profit and contributing to the household income seems to be their main motive. Their businesses were funded either through personal savings, or from their social network (e.g. husband, family and friends). Promotion of the business relied mostly on word-of-mouth or social media. High inflation, high competition, time pressures and lack of business skills were cited as the biggest challenges. Besides being content with the status quo, lack of knowledge about the procedures for registering a business and fear of bureaucracy were among the main reasons for not legalizing their activities.

Originality/value – There are very few studies that analyse informal micro-entrepreneurship in the Arab world, particularly in the Jordanian context, which is of growing interest due to low number of women in the workforce and the growing number of refugees in the country. This study therefore presents new knowledge around women’s informal micro-entrepreneurship in Jordan and provides recommendations for further research and policy making.

Keywords: Informal entrepreneurship, female entrepreneurs, micro-enterprises, Informal economy, Arab women, Middle East, Jordan.

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Introduction

In recent decades there has been a growing body of research focusing on female entrepreneurship (Baughn et al., 2006; Buttner and Moore, 1997; Ettl and Welter, 2010), particularly in the context of emerging economies (Ramadani, 2015; Ramadani et al., 2013, 2014; Ramadani, Gërguri-Rashiti, et al., 2015; Ramadani, Hisrich, et al., 2015; Rao, 2014; Ratten, 2014; Rauth Bhardwaj, 2014) and the Arab world (Al-Dajani and Marlow, 2010; Anwar ul Haq et al., 2014; Caputo et al., 2016b; Faisal et al., 2017; Mehtap et al., 2017; Welsh et al., 2014). In such contexts, female entrepreneurship is mostly viewed as a fundamental contribution to economic development and the emancipation of women (Anggadwita et al., 2017; Ascher, 2012; Hattab, 2012; Ramadani, Dana, Ratten, et al., 2015; Ramadani, Hisrich, et al., 2015). Yet in these countries, women’s participation in the formal workforce can create challenges in terms of balancing work and family obligations (Gudeta and Engen, 2017). The challenges are further amplified in conservative, patriarchal societies where women have a disproportionate burden of family and domestic responsibilities, and their actions are often limited by gender biases, stereotypes and socio-cultural norms (Rehman and Roomi, 2012). In such situations, women are often forced to seek alternative avenues of economic activity. Informal economic activity, can be utilized as a way to circumvent these challenges. The flexibility offered by self-employment allows these women to gain financial independence, further provide for their families, improve their self-esteem and self-efficacy and create a sustainable work-life balance that is in line with societal expectations (Anggadwita et. al., 2017; Buttner and Moore, 1997; Orhan and Scott, 2001; Ratten, 2014).

The International Labour Organisation (2002, p. 54) states that the informal economy acts as an “incubator and transitional base for graduation to the formal economy.” The OECD outlines that women’s participation in the informal sector is higher in emerging and developing economies (Wehinger, 2012). Indeed, living conditions for women in many of these countries are difficult, especially for those who are illiterate and living in poor, rural communities. Informal economic activity is seen as a way of improving their livelihood (Ascher, 2012; Destremau, 2007; Ramadani, Dana, Gërguri-Rashiti, et al., 2015). Loayza and Wada (2010) reviewed informal labour markets in the MENA region and found that some countries in the region are among the most informal economies in the world. The authors

believe that the size of the public and agricultural sectors in these countries are an important determinant of the levels of economic informality. Jordan is an emerging economy in the MENA region and the informal labour market makes up nearly 50% of its total labour force, of which Jordanian women account for 43% (UNDP, 2013).

This paper will investigate why women entrepreneurs engage in entrepreneurial activities which are unregistered and configured as part of the informal economy (Buttner and Moore, 1997; Khavul et al., 2009; Rezaei et al., 2013). More specifically, it looks at a small group of informal female entrepreneurs in Jordan, a country with a high female literacy rate and a thriving entrepreneurial eco system (Caputo et al., 2016b). Yet, a country where women have very clearly defined traditional roles and low workforce participation rates (Zubaidi et al., 2011). Like most other countries in the Middle East, Jordanian social and cultural norms dictate that a woman's role is first to be a wife and then a mother, and that it is the job of the husband/father to provide for her (Al-Dajani and Marlow, 2010). Thus, many women find that, especially after marriage, they are sitting at home raising children regardless of their educational status. While raising a family is a noble task and a huge undertaking in itself, in many cases these women lose the chance to be economically productive and independent. Informal micro-enterprises, that are often home based, can provide a platform for better management of the work-life interface (Edralin, 2012). In our quest to gain a better understanding of the phenomena of female entrepreneurship in the informal economy, we aim to explore answers to the following research questions:

- What are the common characteristics shared by females operating informal businesses?
- What type of business do they own and to what degree are they innovative?
- What were the major motivations for starting their own informal business?
- What are the general challenges they faced while setting up and operating their business?
- What is their knowledge of business registration procedures and laws and do they have any intention of formalising their business?
- What is the attitude of male family members towards their entrepreneurial endeavour?

This paper will help to advance our understanding of the dynamics of informal female entrepreneurship, particularly in conservative Middle Eastern societies. To date, research on entrepreneurship in Arab countries and in particular Jordan is limited and this paper addresses the call for further research in this region (Caputo et al., 2016b; Faisal et al., 2017; Hattab, 2012; Mehtap, 2014a; Naguib and Jamali, 2015). Furthermore, to the best of the authors' knowledge, there is no academic research that focuses on informal female entrepreneurship in Jordan.

The paper is structured as follows: We first present the Jordanian context and then review the literature on female entrepreneurship and the informal economy, linking the concepts to the status quo in the Middle East and particularly in the context of Jordan. Next, we present our method. Results are reported in a qualitative manner through anecdotal accounts and then discussed. We conclude the paper with implications for future research and recommendations for policy makers in emerging economies.

The Jordanian Context

Jordan is a developing country situated in the middle of a region torn by strife and turmoil. It is an emerging economy with limited natural resources and a comparative advantage that lies in its human capital (The World Bank, 2015). With an estimated population of around 8 million, Jordan is characterized by its young population, high unemployment rates and an economy that is dominated by small and medium enterprises (Central Intelligence Agency, 2014). The services sector has the largest share of the total labour force after the over-saturated public sector (UNDP, 2013). Jordan is a collectivist, paternalistic, patriarchal and tribal society. Like most of the Middle East, the majority of Jordanians are Muslim and the Jordanian legal system is also based on Sharia (religious) law. Women constitute a significant proportion of the population of Jordan, yet their potential to make a significant contribution to the overall economic development of their country remains largely untapped due to a variety of economic, social and cultural constraints.

Whilst female literacy rates surpass most of the Arab countries (Barcucci and Mryyan, 2014; Majcher-Teleon and Slimène, 2009), women's participation in the workforce is low (Caputo et al., 2016b). Indeed, society still encourages females to find a husband and start a family rather than focus on a career (Hakki and Somach, 2012). Arab societies still have the traditional viewpoint that women must be committed to their houses and children (Abdalla, 1996; El-Jardawi, 1986; El-Rahmony, 2002) and that men are the principle breadwinners and solely responsible for providing for their wives and families. This mindset explains why Arab women constitute only 25% of workforce in the Arab world (Barcucci and Mryyan, 2014; ILO, 2014).

In an attempt to become a knowledge-based economy, the government has embarked on a series of extensive reform programs and placed utmost priority on the development of entrepreneurial activity (Caputo et al., 2016a ; Mehtap et al., 2017). As a consequence, female entrepreneurship in Jordan is a growing segment. The past decade has witnessed a

steady increase in the number of Jordanian female entrepreneurs, making Jordan a good context for research in this field (Caputo et al., 2016b; Mehtap et al., 2017). Hattab (2010) found that many Jordanian women are turning to entrepreneurship as a means of income generation and self-actualization. Yet despite the increasing numbers, Al-Dajani and Marlow (2010) found that female entrepreneurs in Jordan are still expected to pursue their business endeavours without compromising their main responsibilities as wives and mothers. According to the UNDP (2013), the number of females engaged in the informal private sector is very close to their male counterparts and stands at 43%. At the same time, it is estimated that 75 % of women's enterprises in Jordan are home-based (GEM, 2009, 2012).

Women and Informal Entrepreneurship

There are a multitude of factors, both personal and external that influence women's decision to engage in entrepreneurial activity. These factors range from purely economic necessity (Al-Dajani and Marlow, 2010; Hoxha, 2008; Jennings and Brush, 2013; Orhan and Scott, 2001) to a desire for achievement and personal growth (Buttner and Moore, 1997; Eijdenberg et al., 2015; Hattab, 2012; Itani et al., 2011; Maden and Broadbridge, 2015) and the exploitation of an opportunity (Anwar ul Haq et al., 2014; De Bruin et al., 2007; Ramadani, Hisrich, et al., 2015; Rao, 2014; Ratten, 2014). Other key influences include the availability of a flourishing entrepreneurial eco-system (Ahmad and Xavier, 2011; Goby and Erogul, 2011), access to education and training (Dabic et al., 2012; Mehtap et al., 2017; Packham et al., 2010; Rauth Bhardwaj, 2014; Rodrigues et al., 2010), the ability to find start up-capital (Maden and Broadbridge, 2015; De Vita et al., 2014; Welsh and Raven, 2006; Welsh et al., 2014), family support (Jabeen et al., 2015; Ramadani, Hisrich, et al., 2015) and societal perceptions and attitudes towards female entrepreneurship (Anggadwita et al., 2017; Jamali, 2009; McElwee and Al - Riyami, 2003; Ramadani, Dana, Ratten, et al., 2015).

It is well documented that more men than women engage in entrepreneurial activity (Díaz-García and Jiménez-Moreno, 2010; GEM, 2012, 2014; Mueller and Dato-on, 2010; Wilson et al., 2007) and that female entrepreneurs are often at a disadvantage and face more challenges when compared with their male counterparts (Brush et al., 2009; Ettl and Welter, 2010; Mehtap, 2014a). Engaging in informal economic activity is a way in which "disadvantaged" women can bypass barriers to inclusion in the labour force (Destremau, 2007; Rezaei et al., 2013).

The informal and formal components of any economy are so inter-related that it is hard to imagine them as two distinct sectors. The informal sector has been evolving over the past 50 years and has strong roots in countries where income and assets are not equitably distributed. Due to its particular nature, it is difficult to compile reliable statistics, especially while the sector continues to grow and new forms of activity appear (Rezaei et al., 2013; Stoevska, 2012).

Smith (1994) defines the informal economy as “a market based production of goods and services, whether legal or illegal, that escapes detection in the official estimates of GDP”. The International Labour Organisation (2002), a major authority in the study of the informal economy, has defined it as “consisting of units engaged in the production of goods and services with the primary objective of generating employment and income to the persons concerned.” In the academic domain, Williams and Round (2007, p. 120) define the informal economy as “the paid production and sale of goods and services which are unregistered by or hidden from, the state for tax and/or benefit purposes, but which are legal in all other respects”. Rezaei and colleagues (2013, p. 65) view the informal economy as “a sociological phenomenon which is contextual, situational, gradual and conditional”. Also referred to as a “grey” or hidden economy (Smallbone and Welter, 2006; Williams, 2015), businesses participating in such activities are usually unregistered and their incomes are not reported, taxed, or monitored by the government (Rezaei et al., 2013; Williams, 2011), and is often confused with the family income (Thi Thanh Thai et al., 2013). Micro-enterprises, family businesses and own-account operations are units within the informal economy, which can employ fixed, temporary or unregistered workers. The composition of such units and the nature of their affairs make the measurement of their output difficult (UNDP, 2013).

In many cases, the informal economy makes it possible for disadvantaged categories of societies to make a living. On this account, Rezaei and colleagues (2013) carried out a qualitative investigation of legal and illegal immigrants in Denmark and found that the existence of what they called “underground economy” makes it possible for semi-compliant and non-compliant immigrants to make a living. Similar results were found by the same researchers in Austria (Rezaei et al., 2014). The authors concluded that the informal economy tends to be specific in terms of the context and the situation. Moreover, they found that the development of the phenomenon is gradual and affected by a person’s set of circumstances. Environment-specific factors, such as migrants’ length of residency, year of entry, gender, capital, government policies, political and public discourse, were found to have a major impact on the informal entrepreneurs (Rezaei et al., 2014).

It is mostly the minorities and those who are disadvantaged that tend to engage in informal business activities. This is particularly true for women in patriarchal and masculine societies (Franck, 2012). Social and cultural norms in Jordanian society and across the Middle East, for instance, dictate that a woman's role is first to be a wife and then a mother, and that it is the responsibility of the husband/father to provide for her (Al-Dajani and Marlow, 2010). In many cases, these women miss out on the chance to be economically productive and independent. Thus, engaging in informal business activity allows these women to somehow empower themselves without contravening their social and familial duties (Mehtap, 2014a; Zubaidi et al., 2011).

Informal entrepreneurship also provides stability, opportunity and wealth creation for women, disadvantaged groups and minorities and is a way to strike a better balance between family and work life obligations (Hattab, 2012; Ratten, 2014), especially when they take the form of home-based projects (Al-Dajani and Marlow, 2010). Most entrepreneurs that operate in the informal sector in developing countries are considered to be necessity driven (Hattab, 2012; Henry et al., 2014; Maritz, 2004; Rosa et al., 2008), yet a growing body of knowledge seems to show that this may not always be the case (Williams and Round, 2007; Williams, 2015; Williams et al., 2012). Sometimes informal entrepreneurs may be driven solely by opportunity or the co-existence of both necessity and opportunity (Williams, 2008; Williams and Williams, 2014).

A number of reasons have been attributed to why people operate in the informal economy. Thomas (1999) and Schneider and Enste (2013) point to the fact that an increase in taxes and other social security contributions is a burden on people, which pushes them towards informal economic activity. Increased regulatory measures imposed by the government and inefficient bureaucracies have also contributed to the rise of the informal economy. Stoevska (2012) cites a diverse number of pull and push factors as motives for participation in the informal sector. These include unemployment and barriers to formal work, the need to supplement family income, opportunities for realizing profit, the need for independence, flexible work arrangements (especially for women) and increased competitiveness that arises from decreased production costs brought about by non-compliance with government regulations and laws. It is generally agreed that the benefits of operating in the informal economy tend to outweigh the costs and, despite the losses incurred by the government, it is deemed to be better than unemployment (UNDP, 2013).

Countries in the MENA region that rely heavily on agriculture – for example Morocco and Yemen – are associated with higher levels of informal economic activity. Informality

rates are also found to be high amongst youth in this region and show a decrease as the level of education increases (Angel-Urdinola and Tanabe, 2012). A study conducted in 2010 on the informal economy in Lebanon showed that 61% of Lebanese workers work informally, which is believed to be mostly in the form of self-employment (Rossis, 2010). The increase in informal employment has also been attributed to the Palestinian refugee camps in both Lebanon and Jordan (UNHCR, 2012). In Egypt, the informal economy constitutes about 34% of GDP and is attributed to the weak legal and institutional framework governing enterprises (UNHCR, 2012). In 2010, the number of workers in the informal sector of the Jordanian Labour Market was 487,861, constituting 44% of total employment in the Jordanian economy and at an estimated 10% of GDP (UNDP, 2013).

Method

In light of the fact that there is a paucity of research that addresses the issue of informal female entrepreneurship in the Middle East, the researchers opted to carry out an exploratory study through a qualitative approach. In areas that are theory-deficient, it is appropriate to seek theoretical insights from multiple case studies (Eisenhardt and Graebner, 2007), so in-depth interviews were conducted (Yin, 2014) with an emphasis on both the environmental context and the dynamics of its evolution. Dana and Dana (2005) encourage the use of such research methodology when investigating entrepreneurship with emphasis on the context of its environment. Analysing contextualisation requires qualitative evidence to reach a fine-grained understanding of the complexity that this element can give (Bamberger, 2008). Indeed, this approach allows an extensive study of the “real entity” of informal entrepreneurship through direct reports by female informal entrepreneurs.

Despite differences in approaches and methodological views, studies in entrepreneurship have reached a good consistency and further steps in this direction should re-think the previous consolidated knowledge and methodological approaches (Blackburn and Kovalainen, 2009). This suggestion has been followed within the framework of this study and the research has been structured with the same guidelines used in qualitative studies of informal entrepreneurship, that are in line with the purpose of this study (Franck, 2012; Khavul et al., 2009; Light and Dana, 2013; Rezaei et al., 2013, 2014).

The field interviews were conducted in the capital of Jordan, Amman, during 2015. We recruited participants via network sampling, a data collection technique based on researchers' contacts and snowball sampling to recruit respondents from the working adult population

(Caputo et al., 2016a; Demerouti and Rispens, 2014; Petrou and Bakker, 2015). Nine of the respondents belonged to the social network of the first researcher and they facilitated contact with other female entrepreneurs. A total of 30 female, informal entrepreneurs were contacted by phone and asked if they would like to participate in the study. More than half of them declined, with the majority stating that their husbands/families would not consent. The 14 respondents (11 Jordanians and 3 foreigners) all ran their own informal micro-enterprise. The participants were informed of the purpose of the study, their consent was obtained and they were assured of total anonymity.

At first, a focus group with entrepreneurs operating in both the formal and the informal economy in Jordan was organized. This helped the researchers to contextualise the theoretical inquiry. Consequently, the questionnaire and the framework for the semi-structured interviews were designed and discussed with a panel of academics at both a local and an international university, in order to ensure content validity.

Data collection was comprised of answers to a written questionnaire aimed at collecting demographic information, motivations, sources of financing, and challenges of doing business. The semi-structured interview questions revolved around the seven research questions put forward by the researchers. Participants were also given a chance to elaborate on their own experiences. The face-to-face interviews allowed the researchers to probe and discuss issues in depth, thus gaining invaluable insights into the world of female informal entrepreneurship. Each face-to-face interview began with an overview of the research objectives. A total of 26 hours of interviewing was carried out. The interviews were conducted in both Arabic and English depending on the preferred language of the respondent. All respondents refused to be recorded on tape. Interview notes were taken independently by the research team and later compared to ensure accuracy. In some cases, a second round of interviews were necessary for clarification of some concepts expressed in the first round.

The demographic characteristics of the women entrepreneurs are presented in Table 1. Pseudonyms were used to protect anonymity of participants.

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Findings

Profile of the women informal entrepreneurs

The respondents were between the ages of 23 to 52. Half of them were university graduates and the majority were married with children. Only three of the respondents had some type of prior work experience and half of them came from a family of business owners. Only one of the respondents (Um Laith) indicated that her home-based business is for supplementary income and that her primary job is teaching.

The type of businesses were mainly divided between the food sector and women's apparel/accessories. None of the women had prepared a formal business plan prior to starting. In fact, two thirds did not know what a formal business plan entailed. Nearly all mentioned that they did do some basic financial calculations in order to see how much they would need to start. Two of the respondents (Ola and Hadeel) had attended a training course in entrepreneurship, but stated that it wasn't that helpful in setting up their own business, which confirms previous findings about entrepreneurial education in the region (Mehtap, 2014b). All but one of the entrepreneurs (Um Othman) had discussed the idea with their families. Two of the women (Majideh and Um Ahmad) have been in their current line of business for more than a decade. Um Ahmad mentioned that her tailoring business helped to put three children through university and paid for the wedding of her eldest son. The remaining twelve have been in business for an average of 2.8 years. All are sole owners of the business and do not employ others. However, Um Hassan and Um Mohammad who are engaged in homemade food and sweets mentioned that at peak times (such as Eid holiday and Ramadan) they hire other women to help and pay them on an hourly basis. Nearly all of them relied on 'word-of-mouth' for customer generation and one third of the respondents had a Facebook page for their business.

Based on their comments during the interview, and according to the typologies of female entrepreneurs presented by Bruni, Ghererdi and Poggio (2004), most of the respondents fall into the category of "dualists" - those seeking to strike a balance between family and job obligations. Many of the respondents mentioned that running a business from home is a wonderful way to make money and at the same time be there for the children. Thus, confirming previous assumptions on the work-life balance in patriarchal societies (Caputo et al., 2016b; Hattab, 2012; Ramadani, Dana, Ratten, et al., 2015; Ramadani, Hisrich, et al., 2015). All of the women agree that starting a home-based business has improved their living conditions and has boosted their self-esteem. One thing they all have in

common is that they have capitalised on a perceived strength/talent while establishing their informal businesses. This is evident in the words they use to describe themselves. For example: “*I have a good eye for fashion*”, “*People say that I am a great cook*”, “*I have a talent for...*”, “*I love to cook*”, “*I am talented*”, “*I am famous for my...*”, “*I have always been good at...*”. When asked why they chose that particular line of work, all participants said that it was what they knew best.

Motives for starting the informal business

There are a multitude of reasons why women choose to start their own business. For some it is out of pure economic necessity, while for others it may be the pursuit of a market opportunity, independence, the chance to be productive or for self-actualization (Ascher, 2012; Ettl and Welter, 2010; Ratten, 2016; De Vita et al., 2014). The entrepreneurs were asked about the main driving force in starting their own business, by choosing from a list of 15 motives. Their answers are presented in Table 2.

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Respondents were also asked how they spend their earnings and their answers, as seen in Table 2, are pretty much in line with their motives for starting the business. Six of the women stated that they were doing quite well financially. They stated that after contributing to household expenses and meeting the needs of the business, they still had some money for personal spending and to put away in a savings account. One of the women stated: “*Every time I walk into that branch [of her bank], I am so proud of myself (Um Hassan).*”

Most of the women were engaged in the food sector or women’s clothing and accessories. Both sectors are fiercely competitive and there are many options to choose from - both from an informal and formal business perspective. The respondents were asked about their perceptions on how innovative they think their businesses are. It is surprising that a large number of respondents weren’t really sure of what innovation meant and after a brief explanation from the researchers, they seemed to associate it with creativity. For example, Ola reported “*I am not sure exactly what you mean by innovation but my designs are original and creative*”, while Alia stated “*I don’t know about innovation, but I am definitely creative in what I do!*”

Only three of the women believed that they had an innovative business model, when compared to others who are engaged in a similar line of work. Hadeel, a private tutor,

reported, *“I teach Maths using a special Asian technique. I think that’s innovative. It makes kids like maths”*. Other examples were from Diva and Lubna respectively:

“I not only sell and rent dresses, I also give advice on styling and make-up. That makes me different from the others... I’m also a good listener and therapist” (Diva)

“The market is limited in Jordan. Jordanian women want to be unique and they are ready to pay. I give women access to brands they can’t get in Jordan...they trust my taste...and I can find anything they want. If they don’t like something, I return their money. Satisfaction guaranteed” (Lubna)

Sources of financing

Lack of financing has often been cited in the literature as one of the biggest challenges for both male and female entrepreneurs (Itani et al., 2011; Mehtap, 2014a; Smith-Hunter and Boyd, 2004; Welsh et al., 2014). Female entrepreneurs tend to rely more on personal savings, friends and family for financing rather than applying to formal channels like banks and credit institutions (Faisal et al., 2017; Ramadani et al., 2013; Ratten, 2014; Valenzuela et al., 2003; Zubaidi et al., 2011). Furthermore, women in many Arab countries need the written consent of a male relative if they want to take out a loan from a bank (Welsh et al., 2014). The respondents’ source of financing is presented in Table 3.

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Two of the respondents did not need funds in order to start, because their business (private tutoring) did not require any capital outlay. Um Laith, a Piano teacher, said *“I already had the piano at home”*. While, Hadeel, for example reported *“.....I didn’t need to buy any equipment. I just started teaching them [the students] on the dining room table.”*

After a few years of working in a salon, Majideh decided to take the plunge and start her own home business. She was already dying hair for most of the neighbours in the evenings so she decided to sell some of her gold *“to buy a good hairdryer and other supplies.”* Um Baseel and her family escaped from the civil war in Syria. Her husband picks up odd jobs here and there and they have been having financial difficulties since the UN stopped providing food vouchers in late 2014. She has to engage in an informal business activity to feed her three children, who are all under the age of 12. She told some neighbours

about her plans to start a business and one of them gave her a small amount of start-up capital. She reported *“I have a very kind neighbour. She gave me a hundred dollars and said she will pray for my success. She has never asked for the money back and so I always do her eyebrows and other stuff.”*

Lubna’s family fled to Jordan from Kuwait during the Gulf War. She lives in an affluent suburb in Amman and likes to describe herself as a *“fashionista and a lady of leisure.”* Lubna unofficially started her business while she was a postgraduate student in London. Friends used to wire her money via Western Union and ask her to bring back high-end, designer brands. She now charges clients fifty per cent of the cost of the item and commission. The balance is paid when she delivers the order, requiring her to advance the capital required for the purchase. She travels frequently and uses her personal savings and money from her husband to pick up fashionable items, which are one of a kind. Once a month she holds a gathering for ladies to showcase her goods.

Challenges faced by female entrepreneurs

Previous research has reported that the main challenges faced by female entrepreneurs in the Middle East occur during the start-up phase of their businesses (Al-Dajani and Marlow, 2010; Jamali, 2009) and that the patriarchal and traditional nature of Middle Eastern society has distinct characteristics that can be a serious obstacle to new venture creation (Al-Dajani and Marlow, 2010; De Vita et al., 2014). The respondents were asked to indicate the degree to which they felt certain factors in their external and personal environment were a challenge to starting and operating their businesses on a 5-point Likert scale. The top three mean scores for both external and personal challenges are represented in Table 4.

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Jordan’s already limited resources have been severely affected by the wars going on in neighbouring countries and the steady influx of refugees. Yet, the respondents perceived that “Regional Instability” (Mean score=2.00) was not a challenge to doing business. On the other hand, the personal challenge with the lowest mean score was “Fear of business failure” (Mean score =1.85). This shows that the respondents are not afraid to take a risk.

Knowledge about the legalities of owning a business

In order to gain a better understanding of why these women chose to operate an informal business rather than a formal one, several questions about the legal and regulatory

framework for setting up a business in Jordan, taxes on earnings, government support for female entrepreneurs and intentions of legally registering their business were asked. Some of their comments are presented below.

Um Othman: *“If I pay tax, there will be nothing left for me.”* Um Laith: *“Why should I register? I already pay taxes to the government [referring to her day time teaching job].”* Um Mohammed (a Syrian refugees): *“Syrians are not allowed to work in Jordan. This is the only way I can survive.”* Um Baseel, also a Syrian refugee, expressed a similar view to that of Um Mohammed.

None of the respondents knew how to register a business or for that matter where to start. They all believe that there is nothing wrong with what they are doing from both a legal and ethical standpoint. None of the respondents have the intention of legalizing their business activity and none have an inherent fear of being caught by the government. On this account, Sawsan told us: *“Do you really think that the government doesn’t know what’s going on?...if you look through Facebook you will see hundreds of Jordanian women selling homemade things online. I think the government supports what we [female microbusinesses] are doing and that’s why they leave us alone.”*

The respondents’ reasons for maintaining their status quo as informal enterprises are presented in Table 5.

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Support from male members of the family

Considering that the Jordanian society is male dominated and that all of these businesses are micro enterprises run from home, it is inevitable that the respondents had to secure some sort of permission from the patriarch of the family in order to be able to start (Al-Dajani and Marlow, 2010; McElwee and Al - Riyami, 2003).

One of the entrepreneurs (Um Lana) was strongly encouraged by her friends to utilize her talent for baking, even though her husband did not approve of the idea. She stated that even though she had been doing the business for nearly 2 years now, her husband *“still doesn’t approve”*. He claims she does not need the money and that her priority should be her daughter. For this reason, she tries to prepare her orders when he is at work, or after he has gone to bed. Sometimes she feels that she cannot cope with the pressure and stated: *“I am*

torn between something I do with passion and my responsibilities as a wife and mother. I don't know why I have to be so secretive. I am not doing anything bad. It's very tiring."

Another respondent (Diva) who is supported by her husband, feels that she is earning excellent money from her business, but tries to play down her success because she believes that a woman should never surpass her man in terms of social status and wealth: *"He thinks it's just a hobby, or something to keep me occupied during the day. I never tell my husband exactly what I earn (...). I don't want him to feel that he is not good enough."*

Hadeel knows that deep down her father is not too happy about strangers coming into their home for private lessons. However, she feels that he keeps silent because he knows how hard it is to find a proper job these days. She says it helps that he believes that teaching is a *"very respectable"* profession. On the other hand, Um Othman, who was widowed four years before the interview took place, believes that her situation would have been different if her husband had not died. If he was still alive, he would have been the breadwinner of the family and her sole responsibility would be to fulfil her traditional role of wife and mother: *"If he was alive he would never let me do this. In fact, there would be no need for me to do this. Do you know that I was married for more than 30 years and I never had to worry about money. Allah bless his soul (...) He was a good man."*

Alia believes that support from the husband is crucial for business success and is one of the more fortunate ones when it comes to oppressive male views about working women. She reported: *"My husband works long hours (...) but if he comes home and sees that I am very busy with my orders, he does his best to help. He always encourages me to do what makes me happy. If he didn't support me, I would have given up in the first year."*

The future of female entrepreneurship in Jordan

The last question during the face-to-face interviews asked the women what they thought about the future of female entrepreneurship in Jordan. All the respondents agree that having a business has helped to improve their current lifestyle and that they need to continue working in order to have a better future for both themselves and their families. Many have touched on social and cultural taboos in Jordanian society and believe that women should have the right to work in whatever field they choose, especially if they have spent many years getting an education. They all agree that society and especially men have to change their mind-set regarding women in the labour force. In general, they are not sure about the future of female entrepreneurship in Jordan because they are not fully aware of what is going on around them. All they know is that their current business is what works best for them. Two of

the respondents (Lubna and Alia) have aspirations to expand their business in the future. When asked if this expansion would translate into registering their business, both women stated that they did not think so.

Discussion

Women and disadvantaged minorities within emerging and developing economies often resort to business activity within the informal economy as a way to overcome the various barriers and challenges to formal workforce participation (ILO, 2002; Rezaei et al., 2013, 2014).

When Arab women choose the path of entrepreneurship, they encounter many challenges. Some of these challenges are global in nature, others are gender neutral and some are very personal and stem from the interrelated barriers that are a result of the distinct dynamics of Arab society. Among the multiple challenges they face, the main obstacle is the difficulty of balancing a career with that of raising a family (Al-Dajani and Marlow, 2010; Hoel, 2013). For this reason many women choose to create small-scale, informal businesses that can be run from home, offering the best of both worlds. Giving women the chance to work both formally and informally, not only creates business value, self-esteem and economic empowerment (Caputo et al., 2016b; Orhan and Scott, 2001; Ramadani, Dana, Gërguri-Rashiti, et al., 2015; Ratten, 2014; Welsh et al., 2014) but, it also has a spill-over effect that touches many other lives. For example, women are more likely to spend a higher percentage of their earnings on their family and especially the education of their children (Jalbout, 2015). While many studies have associated informal entrepreneurship with poor and marginalized groups who resort to this activity out of necessity (e.g., Williams, 2015), our mixed group showed that women from all walks of life and with varying socio-economic backgrounds can turn to informal entrepreneurship both out of necessity and out of a desire to exploit a market opportunity. For these women, making money and contributing to household expenses was the main motive for starting their business.

In the Hashemite Kingdom of Jordan, the development of a sophisticated entrepreneurial ecosystem is at the top of the national agenda. There are many initiatives in place to encourage and support venture creation amongst youth and women (Caputo et al., 2016a). The respondents complained about the difficulty of financing their operations and problems with cash flow. They indicated that the amount of money that they can borrow from friends and family is very limited. If they turn to banks, they will often be rejected because

they don't have a steady income or assets to offer as collateral. Nearly half also stated that lack of business skills and social networks were a personal challenge to running a business. Yet, none of the respondents are aware of the microfinance opportunities and entrepreneurial training that is offered to Jordanian women. They were very surprised when the researchers explained where to go and how to apply. This is in line with the findings of Mehtap (2014a) who looked at barriers to entrepreneurship in Jordan and Caputo et al., (2016b) who looked at supporting opportunities for female entrepreneurs in Jordan. Caputo and colleagues concluded that while supporting opportunities and access to micro-credit are plentiful in Jordan, dissemination of information about these opportunities is poor and most women who have a business idea do not know where to turn for help. Similar issues were highlighted in other studies across the Middle East (Hattab, 2010; Itani et al., 2011; Welsh et al., 2014). These issues need to be urgently addressed. Micro enterprises often need very small amounts of start-up capital. With the proper support, there is no telling where a small, home-based business may go. Chant and Craske (2003) looked at women in low income neighbourhoods who are often forced to open the same type of business due to a lack of start-up capital and limited skills. They concluded that this practice has a negative effect on all women involved, as it drives down both prices and profits. A similar trend can be observed in Jordan. Over the last five years, there has been a sharp increase in the number of women who sell homemade food and sweets and women's accessories through social media outlets. It is a big market also served by formal enterprises and global brand names and one that is currently moving towards oversaturation. The majority of women in this research have informal businesses in the sectors mentioned above and claim that too much competition is one of their major challenges. Healthy competition is good for the business world and a catalyst for growth (Dana, 2001a). It also translates into a better experience for the consumer. While most nascent entrepreneurs would wish that they didn't have competitors, their presence keeps the entrepreneur focused on the core business, the customer and their value proposition (Rotefoss and Kolvereid, 2005). It also provides them with an incentive to innovate (Teece, 2007). Only three of the respondents felt that they had an innovative business concept. The others felt that they were taking what they do or know best and trying to earn money from it. With fierce competition, inflation and decreasing purchasing power amongst Jordanians, innovation – in any form – is the way forward for these women as it will give them a competitive advantage over others and keep them in the market.

Running an informal income generating venture from home can limit an entrepreneur's access to finance, their scope of operations, their utilization of formal marketing channels and

access to business networks (Larson and Starr, 1993; Ratten, 2014). The entrepreneurs in this research seem to be semi-isolated, operating in their own little world. Their informal businesses capitalize on a personal talent and seem to somehow meet their current needs. They feel no need to upset the status quo by registering their business. They have no idea about business laws or tax rates, yet they seem to have a preconceived notion that taxes on earnings are high and that business registration procedures are highly complicated and bureaucratic. They believe that running an informal business from home is the only option they have, that allows them to earn money and reconcile the demands of work and family. While they admit that lack of business skills and connections is a personal challenge to doing business, they are not taking any steps to improve the situation.

Finally, these women feel that the Jordanian culture and society are the biggest challenge to progress in areas of gender equality and greater female representation in the labour force. Some of the respondents mentioned the struggle to placate their spouses as they tried to balance family responsibilities with work. This is a cause of stress for the entrepreneur and can even hamper the success of their business, unless appropriate coping strategies are developed (Edralin, 2012). Those who were married, emphasized that spousal support is absolutely necessary for business success and can even determine whether an entrepreneur continues or exits the business.

Bounded by traditions, these women believe that there has to be a change in the male mindset and that female participation in the workforce is essential for the economic development of Jordan and for providing a better future for their children. They acknowledge that such a change will not be an easy process and would require dialogue and commitment from multiple stakeholders. They believe that the patriarchal nature of Jordanian society is responsible for the existence of informal economic activity amongst women.

Conclusions and future research directions

Women all over the world have turned to self-employment and business ownership as a means of economic empowerment and a way to overcome barriers and challenges related to traditional means of employment (e.g., Ettl and Welter, 2010). In addition to formal entrepreneurial activity (e.g., Dana et al., 2013), there is a growing number of women in both emerging and developing economies who are engaging in informal entrepreneurial activities for both necessity and opportunity driven reasons (e.g., Ramadani et al., 2013). Women operating in the informal sector are not registered with the government and therefore do not

enjoy the benefits associated with formal enterprise activity (Rezaei et al., 2014). Yet, they have flexibility in terms of working hours and commuting, are able to cut down overhead expenses and can balance work and home duties as they capitalize on a talent (Orhan and Scott, 2001; Ratten, 2014; Valenzuela, 2005). All this, without having to defy the established norms and traditions that govern the society they live in. However, on the flipside, informal economic activity is a significant macroeconomic loss for the government in terms of tax revenues and the inability to utilize an important segment of the country's human capital (UNDP, 2013).

As the number of females engaged in informal business activities increases, more diligent attention needs to be paid to the matter. Therefore, from our study we can draw several conclusions. First, the link between productivity and informality needs to be explored in depth. Governments need to revise existing labour laws so that different forms of activity within the informal sector are recognized and covered. In particular, the Jordanian government has to be committed to implementing the national framework for regulating the informal economy that was launched with the help of the ILO and various stakeholders. If this framework is properly implemented, it will ensure decent work conditions and social justice, and improve productivity and economic growth.

Second, regional inequalities need to be addressed as they are an important factor that pushes people into the informal sector (Rezaei et al., 2013). More women in rural areas need to be empowered to become entrepreneurs. There needs to be a better focus on the most marginalized and socially excluded groups within society. For example, disadvantaged minorities such as the Syrian refugees should be given more opportunities to work, so that they can live in a dignified manner. This will help to reduce the burden on the government and international donor agencies. Future studies could explore the dynamics of the informal economy amongst female refugee populations and women in rural areas.

Third, a deeper understanding of the motivations and fears of formalizing and running a business from the female gender perspective is necessary. Business registration procedures need to be revised in order to eliminate unnecessary bureaucracy and basic business literacy skills should be embedded in high school curriculums (Dana, 1992). Licences should be issued to the increasing number of women who operate from their homes and they should be able to subscribe to some sort of pension scheme.

Fourth, entrepreneurship training and supporting opportunities should be extended to all levels of society through aggressive public awareness campaigns. The government should spearhead attempts to change salient cultural values and attitudes towards female

entrepreneurship. This is particularly true as training and education in entrepreneurship is cultural and context specific, requiring programs to be tailored around the needs and social norms of the country (Dana, 2001b; Rauth Bhardwaj, 2014).

Limitations

One of the biggest challenges faced by the researchers was the unwillingness of female entrepreneurs operating informal businesses to share their experiences. These women either cited that their husbands/families would not consent to their participation in the research or they suspected that the researchers were working for the government, in particular the Tax Office. As a result of this, the research focuses on the experiences of a small group of women in Jordan. This difficulty has been highlighted in previous studies conducted in the Middle East (Itani et al., 2011). While the small sample size makes it difficult to generalize the results, it does provide a general framework and insight into the world of informal female entrepreneurs and opens the way for more intensive studies both in Jordan and other Arab countries.

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Table 1: Demographic characteristics of informal female entrepreneurs

No.	Name	Nationality	Age	Education	Marital Status	Type of Business	Years in Business	Motivation
1	Hadeel	Jordanian	23	Bachelor	Single	Private tutor in science subjects	1	Necessity
2	Ola	Jordanian	26	Bachelor	Single	Handmade Jewellery/Accessories	1.5	Necessity
3	Lubna	Kuwaiti	32	Masters	Married	International Personal Shopper	3.5	Opportunity
4	*Um Ahmad	Jordanian	52	Secondary	Married	Tailor	16+	Necessity + Opportunity
5	Sawsan	Jordanian	26	Secondary	Married	Women's Accessories/Abaya/Headscarves	2	Opportunity
6	Um Lana	Jordanian	28	Bachelor	Married	Customized cakes and homemade sweets	2	Opportunity
7	Diva	Jordanian	32	Bachelor	Married	Evening Wear/Party Dresses	2.5	Opportunity
8	Um Laith	Jordanian	34	Bachelor	Married	Piano lessons	8	Opportunity
9	Um Hassan	Jordanian	44	Secondary	Divorced	Catering	4	Opportunity + Necessity
10	Um Mohammad	Syrian	48	Secondary	Widowed	Homemade Sweets	2	Necessity
11	Alia	Jordanian	36	Bachelor	Married	Decorates ready made chocolates and candies for special occasions	6	Opportunity
12	Majideh	Jordanian	41	School drop-out	Married	Hairdresser	10+	Necessity
13	Um Othman	Jordanian	50+	Primary	Widowed	Home made pickles and jams	6 months	Necessity
14	Um Baseel	Syrian	34	Secondary	Married	Eye brow shaping/ Make-up /Henna Tattoos	1	Necessity

* In Arabic the word Um means 'mother of.....' and is usually followed by the name of the eldest son. It is a common way to address a woman in the Arab world.

Table 2: Drivers and motives of informal entrepreneurship

Main driver	Frequency
Solely out of necessity	6
Solely out of opportunity	6
A mix of necessity and opportunity	2
Motive	
To make a profit	4
To contribute to household expenses	4
Couldn't find a job	2
I wanted to own my own business	2
Friends and family encouraged me	1
To do something meaningful in my life	1
Source of spending	
Household expenses	14
My children	11
Myself	7
The business itself	12
Paying back debt	2
Savings account	6
Supporting my parents	4

Note: the frequencies do not add up to 14, because in most cases respondents ticked more than one option

Table 3: Sources of start-up capital

Source	Frequency
Personal Savings	4
Borrowed from family	2
Loan from friends/acquaintances	2
My husband gave me the money	3
Sold gold jewellery	1
Didn't need funds to start	2

Table 4: Mean scores of the top three external challenges to informal female entrepreneurship

External Challenges	Mean Scores
1. Too many competitors	3.85
2. Worsening economic situation (inflation)	3.50
3. Lack of access to financing	3.42
Personal Challenges	
1. Jordanian Culture/Society	4.14
2. Balancing home and work life (Time pressures)	3.35
3. Lack of business skills and connections	3.14

Table 5: Reasons for maintaining status as an “informal entrepreneur”

Reasons	Frequency
Profits made are marginal	5
Taxes are too high	2
Too much government bureaucracy	2
Refugees are prohibited from working	2
Things are fine as they are	3