

GENDER BASED DIFFERENCES AMONG ENTREPRENEURS AND WORKERS IN LEBANON

**A GENDER FOCUSED ANALYSIS DRAWING
FROM THE LEBANON INVESTMENT CLIMATE
ASSESSMENT (ICA)**

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Presentation Outline

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- Key points:
 - Purpose of the Study and Audience
 - Data Sampling and Methodology areas that were modified to attain a gender ICA analysis
 - Key Findings

1. Purpose of the Study and Audience

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Purpose

- Lebanon relies heavily on a dynamic private sector for economic growth and employment. Yet, women find it more difficult than men to break through this sector and attain the same level of opportunities.
- Given the importance of the Lebanese private sector in job creation combined with an interest to increase income earning opportunities for women, the report sought to explore the working environment for females and the conditions as well as, barriers that women entrepreneurs face in the business and investment environment.

Purpose of the Study and Audience contd.

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Audience

- The report was intended for stakeholders and decisions makers in the private sector who can make policy, legal and structural changes necessary to achieve equal employment and investment opportunities in the private sector in Lebanon.
- The Ministry of Finance
- The Ministry of Social Affairs
- The Ministry of Labor
- The Judiciary
- Parliament
- The Chamber of Commerce
- Associations
- Banks
- The Private Sector

2. Data Sampling and Methodology

Data

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Initial Objective

- The initial sample design for the Gender assessment had the objective of randomly selecting 210 firms from the 2004 Lebanon ICA sample with sector of activity and firms' size as the two levels of stratification. This would have allowed for some comparability of the findings between the general ICA and issues faced based on gender. But there were difficulties.

Problems with the ICA Sample for gender analysis

1. Random sampling so no guarantee enough female entrepreneurs will be included in the sample – this can be bad or good:
 - Bad – risk of not enough female samples does not allow for significant gender findings .
 - Good - it is representative of the population and can provide an indication of level of female entrepreneurship in the country. (We were not interested in determining the level of female entrepreneurship we knew it was very small).
2. Definition of Entrepreneur: a) registered owner; b) if the owner is the manager of the firm. *The sample and definition in this case were related*

Data Sampling and Methodology cont'd

Data

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Definition of Entrepreneur

- A person who owns a majority shareholding (51%), minority shareholding (49%), or, a partner who is liable and who may or may not own some shares in the company but is not the registered owner - all of these individuals have to be actively contributing to the running of the business and not only titled (e.g. manage).
- Many businesses are registered under names of silent owners who do not engage in the affairs of the enterprise. Looking at those that were active in the running of the business, in Board meetings, and primary decision-making allows us to fully determine obstacles faced in the IC.
- The definition needed to be expanded to capture women that were not listed as owners but were in fact running the business and making the main decisions and thus get their perspectives (we did ask why the company was not registered

Data Sampling and Methodology cont'd

Data

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Sampling : definition created limitations:

- A preliminary screening across the original ICA firms revealed that few female owned firms met the definition of ownership established for this report – many were listed as registered owners but were not active or involved in the business at all. Add rejection rate and the sample was too small.
- To capture more female samples from the ICA grouping we looked at enterprises that were owned by males but had indicated that the management of the firm was by a woman (they were used as a proxy for active female entrepreneurs).
- Still, the number of observations fell short of the targeted sample size by a significant amount.
- To fill the gap, we went outside the ICA sample. Then matched the female sample with a male control group.

Data Sampling and Methodology cont'd

Data

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Final Sampling for the Gender Assessment

- Two surveys conducted in 2007 in the Greater Beirut Area:
 - 235 formal sector firms (109 female owned and 126 male owned) with similar levels of engagement and participation in the management of their business (i.e. they were all engaged and were active business owners).
 - 615 workers (342 females and 273 males).
- Two level stratification:
 - sector of activity (manufacturing, trade, services, construction, IT and hotel and restaurants)
 - firm size- defined by number of employees (small ≥ 5 , ≤ 9), medium (20-99), large (100 and over)
- Sample sizes were large enough to allow for statistically rigorous comparison between the two gender groups. Weights were developed to arrive at a population representation for both the enterprise survey and for the workers survey.

Data Sampling and Methodology cont'd

Data

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Caveats

□ Samples of workers (males and females) and the sample of male owned firms were randomly selected from a pool. Female owned firms the survey simply questioned all the remaining firms in the database that qualified and there was not enough room to apply a random selection.

However, since the number of female/owned or managed firms is very small the probability of selecting any of them in the sample is high (close to 1). In turn this will not affect the weights (the reciprocal of the probability is close to 1). Hence it is assumed in the analyses that the findings do reflect what the population of female entrepreneurs in Lebanon is facing.

□ It was also not possible to find female owned firms that were in the same sectoral and firm size distribution as those in the ICA. For a gender analysis it was necessary to change the sectoral and firm size distributions of male owned firms as well, to match the sample distribution of the female owned firms and allow for proper comparability on a gender basis.

Not Comparable with the ICA

Data Sampling and Methodology cont'd.

Methodology

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- Descriptive statistics
- Dissimilarity Index
- Mincerian wage regressions and the Oaxaca-Blinder mean wage gap decomposition method

Descriptive Statistics

- Determining the different characteristics and patterns of behavior between male and female entrepreneurs.
- Also for characteristics of workers

Dissimilarity Index

Measures how similar the gender mix is at the sectors or occupations. It ranges from 0 (no gender segregation) to 1 (complete segregation). The higher the index, the more segregated the two groups are. It allows the calculation of segregation based on workers with specific demographic characteristics.

Data Sampling and Methodology cont'd.

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Mincerian wage regressions and the Oaxaca-Blinder mean wage gap decomposition method

- These examine the level of wage differentials between male and female employees and the impact of endowments and discrimination on observed wage gaps.
 - The regression measures the total wage differential: the portion of the wage difference due to difference in returns and measures the portion of the wage difference due to different endowments/characteristics.
 - The Oaxaca-Blinder method is used for a more in depth look at the level of wage differentials between female and male employees and whether these variations are due to differences in endowments or to differences in remuneration to endowments (unexplained variables/gender discrimination) after controlling for various individual, family, and firm level characteristics.

3. Key Findings

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| ENTREPRENEURS | Female Owned Firms | Male Owned Firms |
|---|--------------------|------------------|
| Proportion of workforce that is female (%) | 47 | 34 |
| Proportion of firms offering family health insurance (%) | 50 | 37 |
| Maternity leave requests of female workers approved (%) | 80 | 72 |
| Annual leave requests of female workers rejected (%) | 0.53 | 6 |
| Annual leave requests of male workers rejected (%) | 0.1 | 0.5 |
| Firm owners who consider female workers to be more skilled/productive than male workers (%) | 40 | 32 |
| Proportion of firms with 20% - 50% of Board members female | 73 | 36 |
| Firms with access to a bank loan to finance capital or operations (%) | 48 | 64 |

Key Findings cont'd.

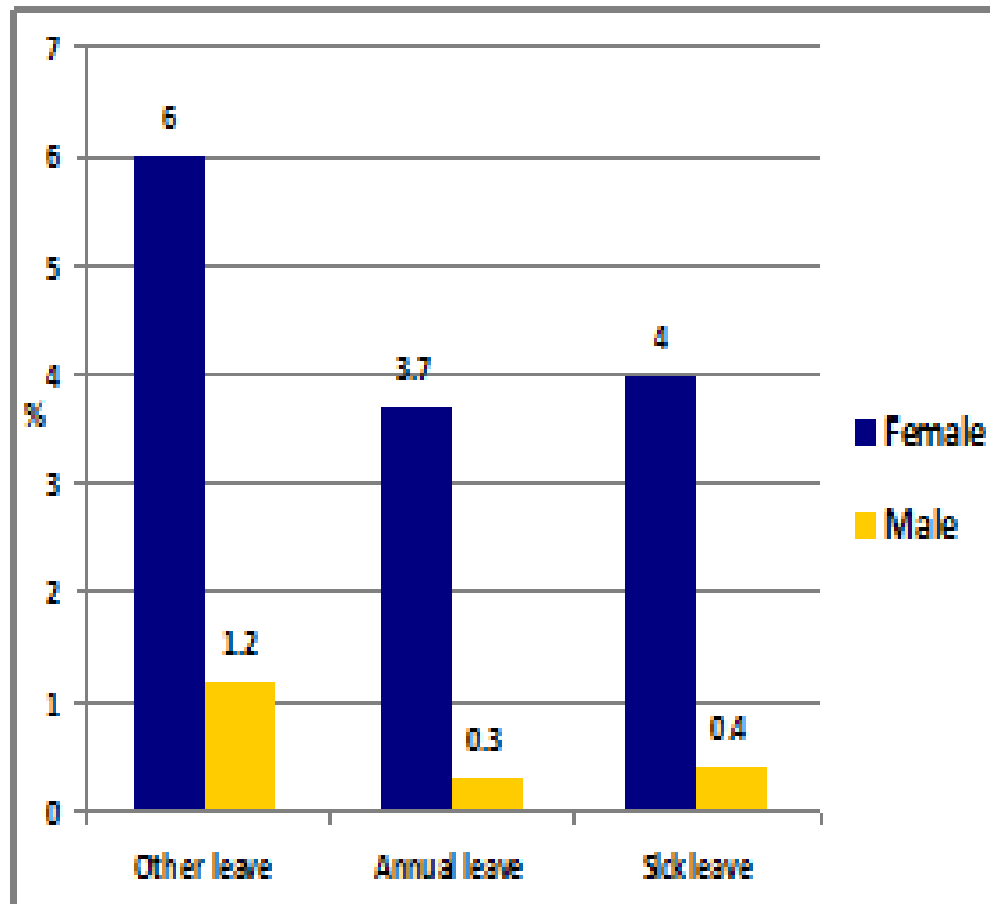
| WORKERS | Female | Male |
|---|---------------|-------------|
| Workers who have completed college education or above (%) | 65 | 46 |
| Number of days absent | | |
| With small children (under age 7) | 10 | 5 |
| Without small children (under age 7) | 5 | 5 |
| Leave requests (Annual, sick and other) - % | | |
| With small children (under age 7) | 69 | 65 |
| Without small children (under age 7) | 65 | 65.7 |
| Rejection of all leave requests (Annual, sick, and other) - % | | |
| With small children (under age 7) | 0.55 | 0 |
| Without small children (under age 7) | 5.35 | 0.82 |
| Rejection of all leave request (Annual, sick, and other) - % | | |
| Never married | 5 | 0.46 |
| Married | 4 | 0.78 |

Key Findings cont'd.

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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. 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).

Figure 1: Percentage of leave requests denied by gender of the employee



In certain respects, female workers face more challenging working conditions than do their male counterparts.

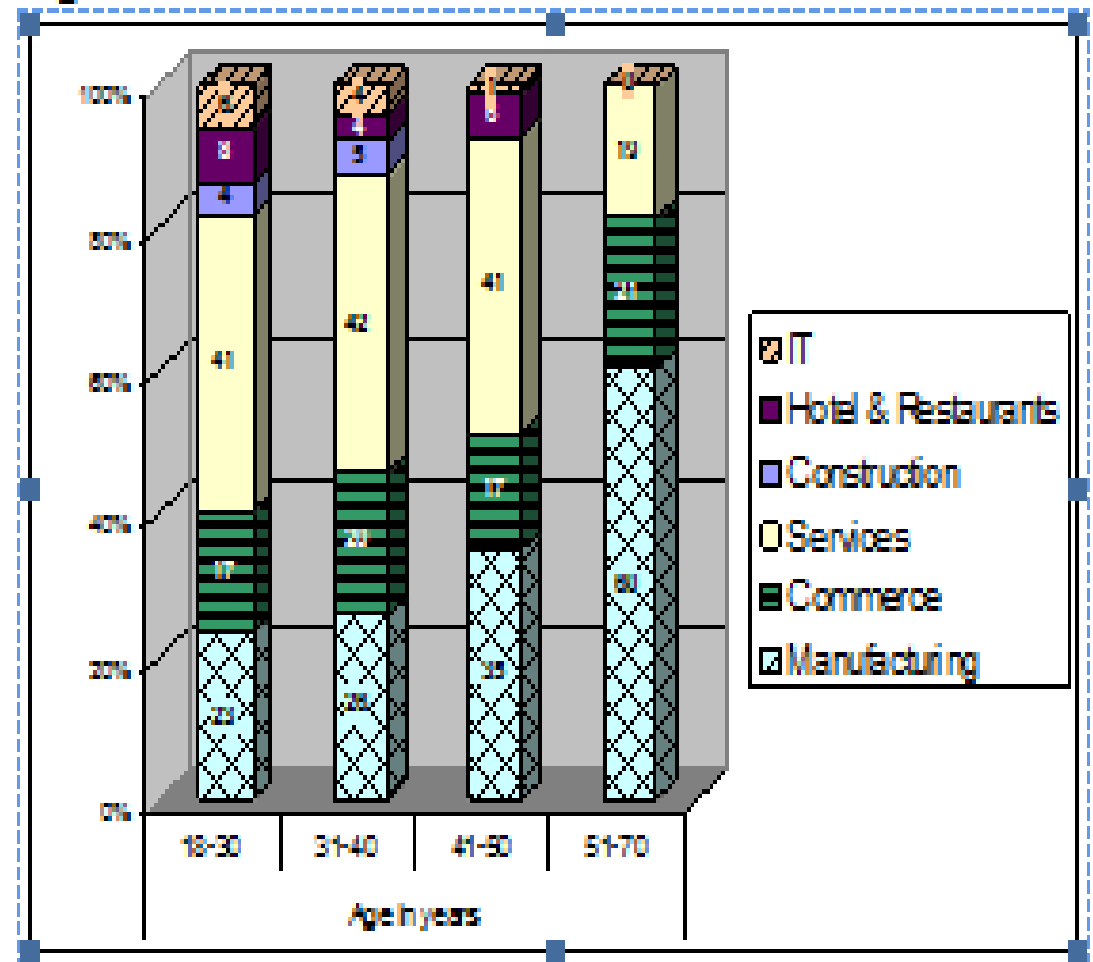
Key Findings cont'd.

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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 across the main sectors of economic activity.

Figure 2: Female Employment by Sector and Age



Key Findings contd.

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- ***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 National Security Social Fund coverage.

- ***Female workers face wage discrimination:***
 - Approx. 27 percent of the wage difference between male and female employees is shown attributable to discrimination.
 - Wage gaps exist even within the same sector and occupation even after controlling for different levels of education. However, in the IT sector, the average wage of females is higher than that of males.
 - 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.

The main conclusion of the report:

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A. Entrepreneurs

- Compared to males, female entrepreneurs tend to hire more women and to provide better working conditions to them (as well as to male workers). Thus making it easier for more women to become entrepreneurs should make a positive contribution both to female labor force participation and to working conditions in the country.
- Public policy should focus on two key constraints that female entrepreneurs face: access to finance and complex regulations.

The main conclusion of the report:

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B. Workers

- Some categories of female workers (such as single women) find it more difficult to get leave for various reasons.
- Married women (especially those with children) appear to struggle in maintaining the same level of work commitment compared to those not married, exhibiting high absenteeism and leave requests.
- The low level of married female workers in the sample suggests that more women choose not to participate in the labor force when married.
- Policy should focus on facilitating work life balance