

Gender Justice

Policy Brief

Women's Advocacy Issues- Volume 3

Women's Informal Employment in Jordan: Challenges Facing Home-Based Businesses During COVID-19

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ARDD

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Arab Renaissance for Democracy & Development

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Policy Brief
Volume 3

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Summary

This brief explores women’s participation in the informal labor market, with a focus on home-based businesses before and during the COVID-19 crisis. The brief offers policy recommendations guided by insights from women-led and women-focused civil society organizations (CSOs) on how to address the economic impact on informal women-led home-based businesses in Jordan. The research involved utilizing qualitative data (interviews) with 11 members of the Jordanian National NGO Forum (JONAF) and 10 women who own unregistered home-based small businesses, as well as information and statistics from local and international reports and ARDD’s own experience.

Overview

Jordan has moved into the second year of the COVID-19 crisis. The lockdowns, the global economic slowdown, trade disruptions and the suspension of international travel has “exacerbated existing structural weaknesses in the economy and unresolved social challenges and put pressure on the country’s fragile macroeconomic stance.”¹ Assessments conducted during the first wave of the pandemic revealed that employment losses and income reductions due to restrictions had had significant effects on households in governorates of Jordan.

COVID-19 and the policies put in place to curb the spread of the pandemic worsened the situation, especially for women, as they lost income, were confronted with increasing responsibilities at home due to the closure of schools and caring for those infected and faced further risk of physical or psychological violence due to heightened tensions within the household and/or increased food insecurity.² Women working in the informal sector, such as unregistered home-based businesses (HBBs), encountered challenges that took the form of termination of work and loss of major clientele. CSOs, in particular women-led CSOs, witnessed negative consequences of the COVID-19 pandemic on women working informally, as well as some trending coping measures that many women adopted to stay afloat.

The JONAF-affiliated organizations interviewed for this report were selected based on their experience working with vulnerable women. Ten women who own home-based small businesses (HBBs) were selected from ARDD’s database of women beneficiaries. The researchers considered geographic variations, with JONAF organizations located across six governorates and the HBB owners located across nine governorates. The women who own HBBs were also representative of a diverse range of sectors, with the most common being food production (six women) and the rest comprising the garment industry (two women), retail (one woman) and beauty services (one woman).

1 World Bank. (2020) *The World Bank in Jordan* [Online]. Available at: <https://www.worldbank.org/en/country/jordan/overview> (Accessed: 01 March 2021).

2 UN Women (2020b). Rapid Assessment of the Impact of COVID-19 on Vulnerable Women in Jordan. Available at: <https://www2.unwomen.org/-/media/field%20office%20jordan/images/publications/2020/unwjcrapidimpactassessmentcovid19v8.pdf?la=en&vs=3456> (Accessed: 18 March 2021).

Women's Economic Participation in Jordan

Jordan records one of the lowest labor participation rates globally. Jordan's economic landscape currently suffers from chronically high rates of unemployment and underemployment, and highly segmented labor markets in regard to public/private sector employment and formal/informal work. In the second quarter of 2020, the refined economic participation rate (the labor force attributed to the population 15 years and over) was 34.1 percent (53.8 percent for men and 14.1 percent for women). Women in particular have staggeringly low levels of economic participation in Jordan, which ranks 145th out of 153 countries in the Global Gender Index's Economic Participation and Opportunity subindex in 2020.³

Women's low rates of labor force participation in Jordan does not have one single cause; rather, social, legislative, and structural barriers hinder their engagement. The primary barriers and obstacles that women face in respect to economic participation include social norms, lack of opportunities, lack of childcare support for working women, lack of accessible transportation, discriminatory laws and gender-blind policies, and sexual harassment, among others. Consequently, a considerable number of women resort to the informal sector, in which they do not receive formal contracts. This type of work exposes women to exploitation, inadequate working conditions and abuse, as informal employment is excluded from national social protection frameworks.

Informal Employment and Home-Based Businesses

Informal work for women in Jordan primarily involves HBBs. While there is currently no available comprehensive data on the number of women working informally, including in home-based businesses, focus group discussion participants in a 2018 study by ARDD estimated that 50 percent to 60 percent of the working women they knew were not working formally with contracts.⁴

According to the USAID LENS Jordan project, approximately half of the HBBs in Jordan are owned by women.⁵ The study also highlighted how women are less likely to register their businesses with the government than men: 30.3 percent of women-owned businesses surveyed in the USAID project were unregistered, compared to 17.2 percent of male-owned businesses.⁶

None of the women HBB owners interviewed confirmed that their businesses were registered officially. The reason most used was that women were unable to pay the taxes required for registering their businesses because their businesses did not provide steady income or sufficient profit margins. It also appears that there is lack of clarity concerning the benefits and responsibilities entailed by officially registered businesses. The majority of women-led HBBs consists of work related to catering, garment manufacturing, and beauty services.

A 31-year-old woman who works in the garment sector said she had not registered her home-based business, because she believes that if she does, her husband who is a day laborer, will not receive governmental subsidies for bread or other assistance.

3 World Economic Forum. (2020) *Global Gender Gap Report 2020*. Available at: http://www3.weforum.org/docs/WEF_GGGR_2020.pdf (Accessed: 6 March 2021)

4 ARDD (2018). *Barriers to Balance: Overcoming Obstacles to Women's Economic Participation in Jordan*. Available at: <https://ardd-jo.org/Publications/barriers-to-balance-overcoming-obstacles-to-womens-economic-participation-in> (Accessed: 7 March 2021).

5 USAID Jordan (2017). "USAID LENS MSE Survey Gender Differences" [Infographic]. Available at: https://jordanlens.github.io/research/outputs/infographics/MSE_Infographics_Gender_Differences_EN.pdf (Accessed: 15 March 2021).

6 Ibid.

Struggling to Survive: HBBs Amid COVID-19

As reported in a survey of small and medium-sized enterprises (SMEs) across several different sectors in Jordan, 98 percent of businesses reported a decline in revenues, with 91 percent of them reporting complete revenue loss due to lockdown.⁷ Likewise, women-owned HBBs have been severely impacted by the crisis and are having an extremely difficult time in finding alternative pathways of income to support their families, according to JONAF interviews. Women-led HBBs are struggling to survive amid the COVID-19 restrictions. According to HBB women owners and members of JONAF whose beneficiaries work in or run HBBs, there have been significant challenges and obstacles in maintaining their business successful. In particular, women mentioned COVID-related challenges in retaining clientele, obtaining raw materials (due to movement restrictions), and paying off debts.

A Changing Consumer and Market Landscape

There has been considerable decline in the demand for traditional catering services, and a particularly steep decline in remote villages. Women attributed this decline to the absence of social occasion, including celebrations, due to social distancing and limits on number of people attending an event), as well as to the closure of schools and public administrations. Many of the HBB owners who are in the catering business said that they used to market their services in schools, supermarkets, and restaurants. As in-person learning has transitioned to online learning and restaurants have not been accessible during lockdowns, their services were not needed, and they therefore lost a large proportion of their customers.

While the number of traditional opportunities for catering businesses such as weddings, school lunches, and certain celebrations has declined, a representative of JONAF in Amman surmised that people seem to prefer home deliveries from HBBs rather than from restaurants, as the former are deemed safer. One woman who owns an HBB reported receiving more orders during the crisis, attributing this to the shift to remote work which resulted in increased family demand for food. At the same time, with many of her competitors, like large malls, closed during the crisis, the number of her customers increased. A few HBB owners said that customers' needs are centered on food, whereas other services and products are less prioritized. As such, the recovery rate in this sector seems to be higher than in others, said an interviewee from a Tafleeh organization.

Similar to the decline in clientele of catering services, the demand for beauty and garment services has also diminished. Representatives of two organizations from Amman and Zarqa (two of the most populated governorates in the Kingdom) said that beauty salons have fewer clients because there are no longer big parties or occasions that require their services, and clients are afraid of infection. A beauty

“
I tested positive for COVID and people did not order from me for some time, as they were scared to get infected.”

A 31-year-old woman who owns a garment workshop in Irbid

salon owner interviewed reported a “huge reduction” in demand for her services, for the reasons mentioned above. One HBB owner who works in the garment sector, as well as a representative of a Zarqa organization, said that women who work in the garment industry received fewer orders due to the absence of social gatherings. At the same time, with the shift to online learning, businesses like hers did not need

to sew school uniforms, which used to be regular orders before the crisis. These businesses are slowest to recover.

⁷ Ipsos (2020). “Assessment of the impact of the COVID-19 crisis on SMEs: Identifying measures to ensure business continuity,” *C19 Impact Series – SMEs Edition*, May 2020.

Finally, all HBBs have been affected by the movement restrictions imposed in 2020 and 2021 due to the pandemic. The Friday lockdowns have had particular consequences for business owners, since usually people go shopping on Fridays.

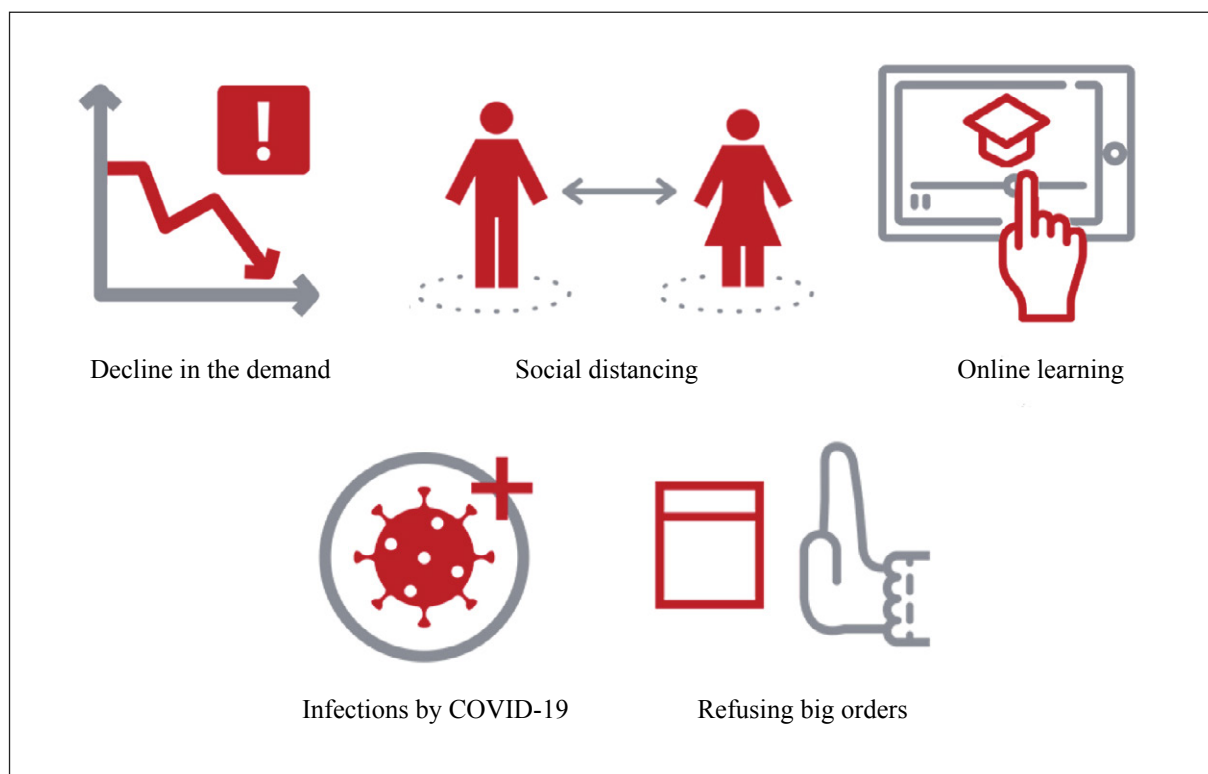


Figure 1: Different challenges reported by women owners of home-based businesses faced during the crisis

Coping with Income Loss and Finding Solutions

Women who own informal HBBs adopted coping mechanisms to cope with the loss of income generated by the COVID crisis. While there are no official figures on losses of income for informal women-led HBBs, a participant based in Baqaa refugee camp who represents an organization which provides training on business skills and supports small businesses owned by women estimated that women who used to make JOD 500 monthly from their businesses, now barely earn JOD 50 per month.

Two women who worked in the garment and food industry expressed concern about the sustainability of their businesses. Both reported that they had to refuse orders that required large quantities of raw material because they did not have enough capital and resources to produce their products. They expressed their fears that refusing orders would make them lose more customers as word spreads.

“ I am open to learn about new products, trainings, ideas, in any field . ”

A 30 - year-old woman who owns a catering business in Aqaba

A few women who own businesses in the garment, retail, and beauty industries said that they worked in food production as well to earn an extra income. One woman who works in dressmaking baked bread at the beginning of the crisis, as bread was deemed a necessity, but could not continue due to her deteriorating health conditions. Another woman who works in retail mentioned that she has a catering business in addition to her retail business. A woman who owns a catering business said that she worked in the garment industry for two years but switched to the food industry as customers did not commit to paying her for her services in the garment industry.

The majority of the HBBs are demand driven; many of them do not have long-term business plans and simply respond to demand. Only one woman interviewed mentioned a business plan; she works in dairy processing and at the beginning of each season, she estimates the number of orders she will receive and buys adequate quantity of milk.

When asked about shifting their businesses to different sectors or projects that could yield more income during the pandemic, the women interviewed said that they only have experience and expertise in their respective fields and would not be able to transition to new pursuits. One woman said she considers food production (the most active sector during the crisis) as “risky” compared to sewing, saying that if she does not sell clothes now, she can sell them later, whereas food items expire if not sold. Few HBB owners interviewed seriously considered switching to other businesses, due to lack of resources (e.g., land, capital, raw materials).

Still, some women said they were open to starting new businesses or making new products. One respondent who works in the garment industry in Tafleleh explored the idea of sewing face masks but encountered challenges such as the difficulty in meeting the required standards and specifications, so she got discouraged and abandoned the idea. Another woman in the garment sector identified a strong business opportunity in making protective car seat covers, as she noticed high demand for such a product during the pandemic, but she did not have enough fabric and initial capital to start this project.

“
I buy materials as I receive orders, but I cannot buy large quantities for the whole season. In the last three months, my profits amounted to only JOD 50. Yesterday, I went to my empty workshop and when I saw my sewing machine, I burst into tears because I have no fabric .”

A 46-year-old woman who owns a garment workshop in Tafleleh

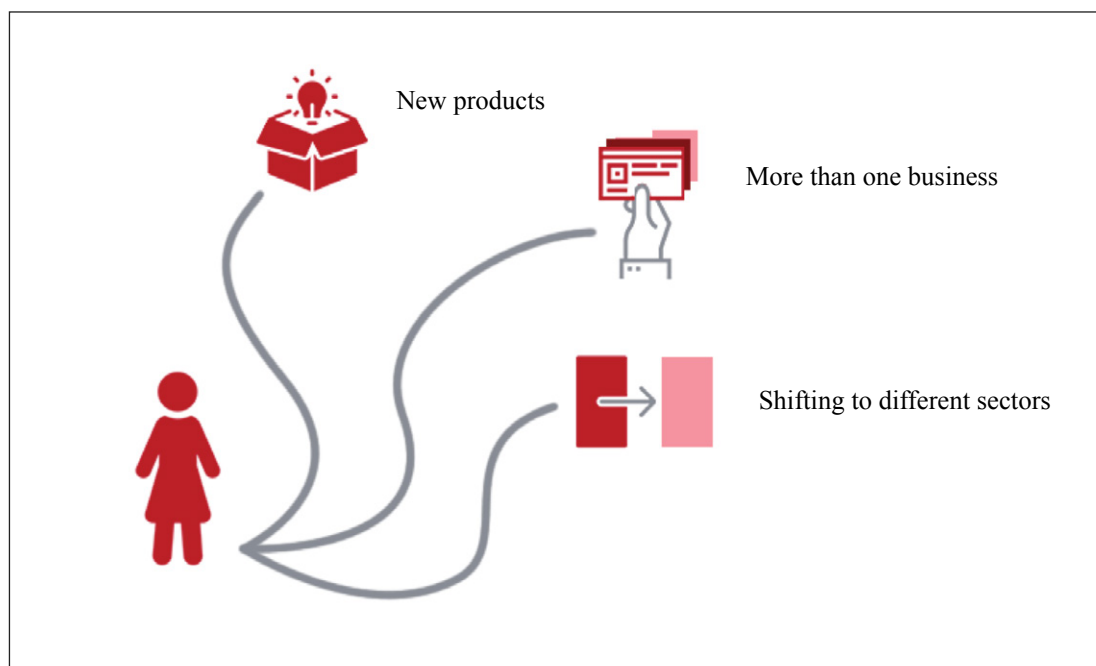


Figure 2: Different strategies women HBB owners considered during the crisis to preserve their place in the market

ARDD provided one-time monetary assistance to the HBB owners in the amount of JOD 100 in 2020. Due to this assistance, many women were able to purchase raw materials and equipment needed for their work, as shown in the below graphic.



Figure 3: How financial assistance was utilized by women who own home-based businesses

The Role of Social Media and Marketing

Women who own HBBs have turned to social media and online marketing to attract new customers. Only four out of the 10 HBB owners interviewed managed and marketed their businesses online before the crisis and have continued to do so. Three other HBB owners adopted this approach at the onset of the pandemic. Many expressed willingness to learn more about new platforms and digital marketing.

Women consider social media helpful in marketing and building their business reputations, and client reviews on Facebook help many of them to get more orders. Additionally, Facebook reaches all segments of Jordanian society, according to participants, while Instagram is targeted more to the younger population. WhatsApp was also mentioned as an important tool that is convenient to use to communicate with clients.

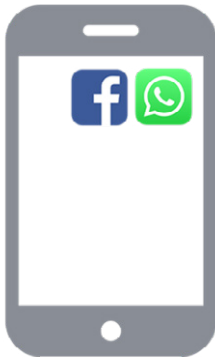


Figure 4: The most used social media platforms by women to market their businesses are Facebook and WhatsApp.

However, several women said that they do not prefer or cannot utilize social media for marketing. Several participants stated that prior to the COVID crisis, they preferred to interact with customers face to face.. As a reminder of the constraints facing women in Jordan, one participant said she did not shift to digital marketing because her husband forbids her from using Facebook, and she needs his help to deliver orders. Some women said they do not possess the technical skills to use Facebook, and one addressed this problem by entrusting her younger women employees with managing her online business.

“
I cannot use Facebook as I only received primary education.”

A 51 - year-old woman who owns a food production kitchen in Zarqa

Comprehensive and Meaningful Solutions Needed

The vulnerabilities exposed by COVID-19 highlight the need for policies and programs that will address the negative economic consequences of the pandemic on women working in the informal sector. The recommendations that follow have been drafted in close consultation with HBB owners and JONAF members:

To the Government of Jordan:

1. Develop inclusive social protection mechanisms to enhance resilience of women-owned HBBs. Invest in creating the social infrastructure and services, including insurance and monthly cash transfers for women-led vulnerable households, , to make up for the loss of income.
2. Facilitate access to raw materials and products for women when lockdown measures and restrictions are in place.
3. Support free-of-charge eCommerce platforms for women to display their products. While the current platforms are perceived by HBB owners as mechanisms that could help enhance their marketing options, current fees are unaffordable for most HBBs.

To Donors:

1. Enhance direct cash assistance programs to women led HBBs.
2. Support resilience for women-led businesses and provide integrated support including cash assistance, skill acquisition and certification, and other relevant aspects that could help business development..
3. Provide capacity-building training in the field of financial literacy, risk management and business management.
4. Extend the timeframe of programs supporting women owned HBBs to allow for continuous follow up, which increases sustainability and success over time.





To the Civil Society in Jordan:

1. Provide continuous support through counseling and mentorship to enhance HBB owners' entrepreneurial skills. Among the suggestions: create networking opportunities among well-established businesswomen and emerging HBBs, through regular webinars and meetings, and counseling services to help them make strategic decisions such as shifting their business strategies or making new products/services.
2. Encourage and support coordination among small businesses within close geographical areas through the setting up of "umbrella organizations" that combine the efforts of several women.
3. Increase the legal awareness of women who own small businesses regarding the benefits of official registration.



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