Women Entrepreneurs Facing the Informality in Rural and Remote Areas in Syria

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Executive Summary
Although it had been declined in total employment in 2002, the informal employment has increased to more than 35% of total employment in Syria in 2006. The Syrian informal sector has changed from agricultural rural form into multi-economic activities-urban form. Also, it is worth noting that male prevalence of informal sector has been increasing. Such other Arab country and contrary to most developing countries, men constitute more than 92% of total informal sector employment in Syria.

Women in Syria are in sustainable tendency of working with public sector which protects women and take into account her house related tasks.

The decline in the absorption capacity of public sector has not been pushed up by a parallel increase in private sector’s job creation capacity.

Launching new businesses face many obstacles in Syria, in spite of the recent incentives for encouraging establishing new enterprises. The informal sector establishments can avoid these obstacles, thereby saving time, money and efforts, and in turn encouraging businesses to flourish at start up stage.

Even though the informality is prevailing among men more than women, this does not mean that women are in a good situation in the informal sector. The absence of all social protection forms represents a real problem for women entrepreneurs in the informal sector.

The Balance between encouraging establishing new business and grantee a basic social protection forms to women entrepreneurs could be a reel challenges facing providing such encouragements offered from the government, international organisations and NGOs.

The paper is organised into four sections. First, it provides an overview of the Syrian economy and explains the methodology and the source of the data used. Second, it provides an overview and analysis of the labour market, and the mains factors affecting the labour supply and demand. It attempts to identify the informal employment as it applies to Syria by identifying mechanisms (how, through what and by whom), and categories of informal workers. Third, it assesses the specific situation of women entrepreneurs in the rural areas facing the informality tendency. Finally, it concludes by proposing some practical recommendations.

Introduction
Despite the decline in total employment in 2002, informal employment has increased to more than 35 per cent of total employment in Syria in 2006. Informality of employment changed from agricultural-rural form into multi-economic activities-urban form. Also, it is worth noting that male prevalence
among informally employed has been increasing. Similar to other Arab countries and contrary to most other developing countries, men constitute more than 92 per cent of total informal employment in Syria. Women in Syria are more likely to be working in the public sector, which provides basic social security coverage and allows for balancing work and home. Even though informality is more prevalent among men than women, this does not mean that women are in a good situation when employed informally. The absence of any real social protection presents a real problem for these women.

The demand for wage-employment is most often limited and many are forced to create their own employment, typically in small enterprises, employing only themselves and possibly other household members. However, the presence of a large public sector and significant manufacturing and construction sectors has contributed to reducing the need for self-employment for men. On the contrary, due to the semi-absence of women in these two sectors and to the continuing contraction of the public sector, job creation in the private sector and women entrepreneurship will need to be given importance.

Being start-ups with no legal obligations such as paying fees and taxes facilitates the work of the entrepreneurs. However, working in the informal sector has always some negative effects. Usually the enterprises established by small entrepreneurs are in the informal sector which entails that they are not legally protected.

In any case, once the business grows, women will have anyway to get a license and register their business officially which will entail different types of challenges affect may be the sustainability of this business.

1. Labour market and informality of employment in Syria
1.1. Key issues in the Syrian labour market

1.1.1. Factors affecting labour supply
The principal factors affecting the nature of the labour force include demographic trends, educational attainment, migration flows, and labour force participation rates.

1.1.1.1. Demographic trends
In the 20th century, Syria witnessed rapid growth (see figure 1), where the population increased almost 15 fold since 1922, reaching 18.9 million in 2006. In the last 50 years, the population growth rates have varied significantly. It was 3.3 per cent in 1960s, increased to 3.4 per cent in 1970s, then declined to 2.7 per cent in the period of 1994-2000, then it further declined to 2.4 in the period of 2000-2004, and in 2006, it stabilized around 2.4 per cent. These rates show that Syria is passing through a demographic transformation.

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**Figure 1:** Population, in millions

**Source:** CBS, multiple years
While the population growth rate in urban areas is higher than the national rate, it has decreased from 5 per cent in the 1960s to 3.6 per cent in the 1990s. This has been mainly caused by decreases in total fertility rates. Use of modern family planning (contraceptive) methods, improvements in educational level of parents, and increased participation of women in the labour force have resulted in the decrease of total fertility rate from 8 in the 1970s to 3.8 in 2001 and 3.5 in 2004.

The age distribution of the population has also changed over the last decade. Between 1994 and 2004, the share of people aged (0-14) decreased from 44.8 per cent to 39.5 per cent, the share of the age group (15-24) increased from 20.7 per cent in 1994 to 22.1 per cent in 2004 and the share of people aged (25-64) increased from 31.5 per cent to 35.1 per cent in 2004 (see figure 2).

![Figure 2: Structure of Age Distribution,%](image)

Source: CBS, 1994 and 2004

1.1.1.2. Educational attainment

In the past 35 years, educational attainment for primary level has increased (see figure 3). This progress is related to compulsory education, according to Law No. 35 enacted in 1981, which states that education is free and that various schools are and will be provided across Syria. Accordingly, the illiteracy rate among adults has decreased from 27.5 per cent in 1994 to 19.1 per cent in 2004. The progress was more apparent among women (decrease from 39.3 per cent to 26.1 per cent), while the rates among men decreased from 15.5 per cent to 12.1 per cent. At the same time, the rate of Syrian adults with a secondary degree or more increased from 18 per cent in 1994 to 15.3 per cent in 2004.

![Figure 3: Educational attainment of the Syrian adult population](image)

Source: CBS, 1994 and 2004
Despite compulsory education, only 18 per cent of adult women received a secondary degree or more. Older rural women have the highest representation among the illiterates. Half of the Syrian adults do not even have any certificates, and only 3.8 per cent have a university degree or more. The youth illiteracy rate is at 7.5 per cent (9.8 per cent for women, 4.5 per cent for men). There are geographic differences. More than a quarter of young women in the eastern region are illiterate.

1.1.1.3. Migration flows
Another factor that affects the labour supply is migratory movements: external and internal (in the same country and within areas).

**External Migration:** External migration is defined as individuals’ movements out of boundaries of one country, to live in another country permanently or temporarily. Many reasons force people to immigrate externally: the push of poverty and unemployment, pull of better living conditions, and higher incomes opportunities for immigrant’s family.

Migration has both active and passive effects. On the one hand, it drains a country’s human capital and resources, especially among young men. On the other hand, it absorbs the oversupply of workforce, contracting the supply/demand gap in the local labour market. In spite of its active impact, external migration cannot be considered a sustainable solution for unemployment. Moreover, any foreign event occurring has an impact on unemployment in the local and regional labour markets, like the return of migrant workers after the First Gulf War and the 2006 war on Lebanon.

Syria is both a sending and a receiving country of migrant workers. At the beginning of 2000, approximately one million Syrian workers moved to Lebanon. Most of them were unskilled or semi-skilled working in agriculture, construction and services. Many of these workers in Lebanon returned back to Syria after Al-Hariri assassination in 2005 and after the racial attacks against them in the following years of unrest. Estimates put the current number of Syrian workers in Lebanon at around 150,000. Many skilled workers and intellectuals leave for Europe, North America and the Gulf.

The Syrian labour market also absorbs many foreign workers. In most instances, the reasons are political and not economic. In addition to the Palestinian refugees in Syria which reach 0.5 million according to numerous estimates, 1.5 million Iraqi refugees are now living in the country. Most Iraqi refugees do not have work licences. There are also some Somali, Sudanese and Afghani men working in Syria in addition to the increasing number of women migrant domestic workers from Asia, especially Indonesia.

**Internal Migration:** One of the most important factors of industrial development in the developed countries is internal migration. The surplus of agricultural employment helps the new factories in urban areas to function. However, the situation is not the same in developing countries, whereby most of the rural immigrant workers join the unskilled urban workforce, surviving in unprotected jobs.

Internal migration plays an important role in the labour market, although in Syria, internal migration is not high, because:

- service sector is spread across all Syrian areas;
- public sector jobs have the same salaries across the country; and
- living costs are high in cities, especially in Damascus.

The Syrian Internal Migration Survey of 2000 (SIMS) indicated that 14 per cent of Syrians migrated internally from their homes into other administrative units; all-life immigration rate and temporally immigration rate are 15.3 per cent and 5.2 per cent respectively.

Although lack of jobs is one push factor for internal migration, it is not the most important. Approximately, 60 per cent of the internal migrants have moved for family reasons or marriage. Only 20 per cent of the internal migrants have migrated in search of better jobs. The internal labour migration of men saw a decrease in 1980s and the 1990s. In the 1990s, only one third of the men were migrating to find jobs.
SIMS 2000 indicated (see table 2) that only rural immigrants work in informal jobs in cities. Moreover, immigrants who work in the formal sector as a ratio of all immigrants are more than the non-immigrant workers.

1.1.1.4. Labour force participation rates
One of the most striking features of the labour market in Syria is the low rate of labour force participation among women (see figure 4).

![Figure 4: Labour Force Participation Rates of Women and Men 2001-2006 %](image)

Women only compose 16 per cent of the Syrian labour force. In spite of economic and educational improvements for women, women’s roles are still largely confined to the household and the family. They are discouraged from engaging in a range of jobs. The under-recording of women’s market work that takes place within households is also a contributing factor to the low reporting of women's labour force participation. There is indeed a problem of ‘disguised employment’ for women. Despite these measurement issues, it is likely that labour force participation, traditionally defined, is unusually low for women in Syria, like other Arab States. Economically active women tend to have higher unemployment rates on average than men. There are different indicators that need to be tracked, in order to reach a better understanding of gender equality considerations in the world of work in Syria, while also putting measures in place for advancing women’s employment.

1.1.2. Factors affecting labour demand
Labour demand is correlated with factors, such as economic growth, investment levels, and technological development.

1.1.2.1. Economic growth and investment
Syria witnessed great economic growth rates supported by investments from Arab region in the 1970s. In 1980s, with the decline of investments from Arab region and the increased military expenditures for the Syrian troops in Lebanon, the Syrian state suffered from great budget deficits. This deficit was reflected in real economic growth, which did not exceed 3 per cent at its best in the 1980s. The economic growth regained its momentum in the first half of the 1990s, after the issuance of Law No. 10 in 1990.

In Syria, successive governments have relied on the public sector as the main driver of investment. The share of public investment in total investment peaked up to 70 per cent in 1975. Since
1991 official ideology and legislation have given a more important role to the private sector as the pioneer in the national economy. From less than 34 per cent of total investment in 1985, private investment contributed to 53 per cent of total investment in 2005.

Despite its growing role in the national economy, the private sector has not yet come to fulfil its role in leading economic growth. The unclear role of the private sector, in the past decades, led the informal private sector to prevail in the economy with lower technological levels for most economic activities with semi-skilled and unskilled workers.

Foreign investments have been slow to come to Syria. Foreign investments usually occur in countries, which have an already established transport infrastructure; where there is ease of operation, cheap labour and low transaction costs. They also prefer places where there is human capital, not solely cheap labour, but also somewhat skilled labour (Braunstein, 2006). In fact, foreign investment in labour-intensive and largely export-oriented industries has meant increased opportunities of employment for women in regions such as South East Asia and Central and South America. While there has been a positive relationship between women’s employment and foreign direct investment (FDI) in many semi-industrialized countries in these regions, there is mounting evidence that women either lose jobs to more qualified men as industries upgrade, or get pushed down the production chain into subcontracted work as competition forces firms to continually lower costs. This has been the case in the East Asian economies. In the case of Syria, there is not sufficient evidence for assessing labour implication of foreign investments. Even in the case of qualified zones in neighbouring Jordan, for instance, most of the workers are poor Asian migrant women workers and the employment opportunities for the Jordanian women have been very limited.

1.1.2.2. Technology development
In Syria, most industrial institutions use intermediate technology. In a survey conducted in 2005 by the CBS, 70 per cent of transformed industrial institutions used technical means of production; 17.8 per cent of the same institutions used manual means of production; while no more than 12 per cent of them used automated means of production.

Such institutions do not require high skills levels for their workers. According to survey of DLFS in 2005, Only 27.5 per cent of industrial institutions employed vocational graduated specialists, and only 23.4 per cent of private industrial employers required vocational school graduates. Two-thirds of private industrial employers (66.5 per cent) did not emphasize education level when hiring new workers such workers accept working in bad conditions as we shall see in next section employers do not employ vocational school graduates due to the incompatibility of their training with the actual skills needed on the job. Vocational training system emphasises theory and the use of old curricula that is not updated for the technology and know-how requirements of the job market.

1.2. General characteristics of employment and workers in the informal sector
The ILO defined the informal sector in 1991 as the “economic units, for producing and distributing goods and services in the urban areas”. In 1993, the International Conference of Labour Statisticians (ICLS) adopted an international definition of the informal sector that refers to employment and production that take place in small and/or unregistered enterprises. In 2002, the International Labour Conference proposed the term informal economy in lieu of informal sector to include “all economic activities that are – in law or in practice- not covered or insufficiently covered by formal arrangements”.

The conditions of employment constitute one of the factors that help to distinguish between formal and informal economic activities. Informal employment includes work that is done outside government labour regulations, without work contracts, and with no protection. Usually, workers in the informal economy are not covered by written contracts and do not have benefits.

National statistics in Syria started to cover informal establishments and workers for the first time with the Internal Migration Survey (IMS) of 1987. Successive surveys concerned with informal
establishments adopted two definitions. Some of the surveys considered the enterprises that did not have regular accounting/book-keeping as informal sector establishments, while other surveys considered every worker who worked outside a registered institution as an informal worker. This study adopts the second job-based definition, keeping in mind that many employees who work in the informal sector are not registered legally and work with no contract.

Informal sector activities started in 1982/83. Before, all employment was in Government. In that period the population growth was 3.3% and the increase of the labour force even 5.5% since more people, especially of young age, entered the labour force due to high prices and poverty. The general idea at that time was that mainly rural people migrating to Damascus worked in the informal sector. A research undertaken in 1987 showed however that of the rural migrants 23% worked in the informal sector while 28% of the people from Damascus itself were in the informal sector. A second survey in 1995 showed that the total number in the informal sector had increased to 28%. Of those in the informal sector 87% had an educational level of primary or less. The formal sector mainly asks for higher educated workers at secondary or intermediate level. (Bekkers et al, 2008).

Despite the decline in total employment in 2002, informal employment has increased to more than 35 per cent of total employment in Syria in 2006. Informality of employment changed from agricultural-rural form into multi-economic activities-urban form. Also, it is worth noting that male prevalence among informally employed has been increasing. Similar to other Arab countries and contrary to most other developing countries, men constitute more than 92 per cent of total informal employment in Syria. Women in Syria are more likely to be working in the public sector, which provides basic social security coverage and allows for balancing work and home. Even though informality is more prevalent among men than women, this does not mean that women are in a good situation when employed informally. The absence of any real social protection presents a real problem for these women.

Of 4.3 million jobs in 2006, approximately 1.5 million were in the informal sector. This means that 35 per cent of total employment in Syria is in the informal sector, while the formal private sector and public sector contribute 33.4 per cent and 31.3 per cent to total employment respectively (CBS, LFS 2006).

Men account for the majority of workers (90 – 95%) in the informal sector, with 38.1 per cent of men working under insecure conditions. In 2006, women only accounted for 7.6 per cent of total informal sector. In other parts of the world, it is common to find women concentrated in informal employment. However, in Syria as other countries in the Arab region with relatively large public sector employment, women are largely found in public sector jobs, because it provides basic security for workers. While 66.6 per cent of women workers are in the public sector, only 14 per cent work in the informal sector (see table6).

Informal sector employment can give young workers the experience they need to transfer to formal sector jobs with better protection. 42 per cent of informal employees are younger than 30 years old of age. This is related to the ease of entry to informal sector. Generally, young workers do not have the experience needed to break into the formal sector. Additionally, the non-existence of guidance, which will help youths in finding available job vacancies in the formal sector, pushes the youth to work in the informal sector.

Based on the first quarter of 2007 LFS, low education levels are common among informal workers. More than 80 per cent of informal workers have elementary school certificate or less. This is related to (a) the low skills requirements in the informal sector, (b) the really low salaries in the informal sector that educated workers would not accept, and (c) the relatively higher qualifications required in the formal sector.

Most educated workers are in the formal sector. More than 61 per cent of the illiterates work in the informal sector, while only 3.2 per cent of university graduate workers are in the informal sector. Again, these rates prove that most jobs in the informal sector do not require high levels of educational qualifications, thereby the prevalence of lower-educated workers in the informal economy.
The demand for unskilled workers encourages many elementary and preparatory students from low-income families to drop out of school and to work.

As many as half the informal workers are living in rural areas, and slightly more than a quarter (25.4 per cent) work in agriculture and hunting. Most of the urban informal workers work in construction constituting 32.9 per cent of informal workers.

Key economic sectors in the informal economy are in construction, trade and transportation, and communication. Due to this expansion/integration, 33 per cent of informal sector workers are in the construction sector, whereby most of them are youth able to carry weighted material; 13 per cent are in the trade sector.

Based on the 2006 LFS, more than three quarters of the agricultural workers were working informally. Of the construction workers, 83 per cent were in the informal sector, without written contracts, proper benefits, coverage, social security, and basic occupational safety and health provision.

Moreover, 70 per cent of women workers are in the service sector, while only 11.7 per cent of them work in agriculture and 9 per cent in industry. This high rate of women workers in services is due to the overlap of the sector with the public sector, with 91.6 per cent of females work in public sector (see table 9).

Women have had good representation in the Syrian public sector. With the move toward a social market economy and privatization, this representation is expected to change. This has been the case in Egypt, where the public sector shrunk. New public sector jobs are more informal (with temporary contracts and fewer benefits). The private sector does not want to hire women and its hiring rate is lower rate than what the public sector was in order to avoid giving maternity benefits. Furthermore, in the private sector, vertical and horizontal gender-based occupational segregation prevails. Women are found in traditional care-taking jobs (social worker, teacher, and nurse), which constitutes horizontal occupational segregation. They are also at lower ranks as secretaries, clerks, and bank tellers; which constitutes a vertical segregation (Esim, 2004).

Salaries in the formal sector are higher than in the informal sector. In 2001, men working in formal private sector get higher salaries by around 7.8 per cent than the male informal private sector workers. Gender-based salary differences declined from 60 per cent in 2001 to 27.5 per cent in 2006. The salaries in the formal private sector for women are 27.5 per cent higher than the salaries in the informal private sector. Formalization of working terms and condition in informal sector enterprises would be one way to close this gap. Government incentives, as well as regulatory measures, can help bring informal sector workers better protection.

Women’s total average income is higher than men's, as their salaries are concentrated in the public sector, which pays better for women than other sectors.

Wages in the public sector are determined according to education, experience and career seniority, regardless of productivity. Of public sector workers, 23 per cent earn less than 7,000 SYP (equivalent to US$ 138) per month as a salary, while more than 52 per cent earn more than 9,000 SYP (equivalent to US$ 177) per month.

There is a strong correlation between wages and educational attainment in the private sector, especially among university graduates. Of private sector employees, 53 per cent get less than 7,000 SYP (equivalent to US$ 138) per month, while 22 per cent get more than 9,000 SYP (equivalent to US$ 177) per month. More than half the women employees in the formal private sector receive less than 5,000 SYP (equivalent to US$99) as a monthly salary in 2006, while less than quarter of men in the formal private sector receive such a salary.

Gender wage gap in Syria was 0.33 in 2004 (UNDP, 2006). Approximately 30 per cent of the women employees in informal sector receive less than 5,000 SYP (equivalent to US$ 99), while this rate decreases among men employees to 18 per cent. This means that women employees in informal sector face gender-based pay discrimination, when performing jobs of equivalent value or are relegated

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4 US$1 = 46.74 SYP (June 2009)
to specific jobs, where their efforts are valued less. Women compose a smaller percentage of the informal sector workers than men.

While 87 per cent of the formal private sector workers are in permanent jobs, 50 per cent of the informal private sector workers are in permanent jobs. The other half of informal sector workers work in temporary, seasonal or sporadic jobs. This is one characteristic of the informal sector employment that does not provide stability of employment.

Seasonal employment constitutes 13.7 per cent of informal employment. Among female informal workers, 26.6 per cent constitute women workers in agriculture.

Stability is a key determining factor for women workers across the board. Stability of jobs is more prevalent in public sector for women, than in private sector. Permanent jobs in informal and formal sector combined constitute 84 per cent of women's employment. This permanent job-prevalence is due to the greater per cent of women that work in public sector which is characterized by continuity of job.

Syrian labour law no/91/ issued in 1959 says that worker shouldn’t work more than 8 hours per day or 48 hours per week. Daily work hour may be expanded to 9 hours in extra ordinaries (articles 114 & 115).

In the formal private sector, 11 per cent of the workers work between 21 and 40 hours per week, while one third of informal private sector workers work such hours. The majority of informal sector workers (56.6 per cent) work between 41 and 60 hours per week. This is related to the decrease of permanent workers among informal sector workers, and women preferring to work at home. Of the women informal sector workers (65 per cent) work for less than 40 hours a week. This is related to the home-work place of the family institutions where most of women informal workers work.

In Syria, 70 per cent of women workers work less than 40 hours per week. This rate increases to 76 per cent among women workers in the public sector, and decrease to 27.5 per cent in the formal private sector. Thus it appears that the public sector allows for a better work-life balance for workers with family responsibilities, while the formal private sector does not respect this viewpoint.

1.3. Main factors affecting the informal economy in Syria

1.3.1. Population growth and growth of the labour force
Syria had a high population growth rate in the 1970s and 1980s. In the 1990s, this meant a larger cohort of new entrants in the labour force. In addition, the 1990s saw an increasing participation of women into the labour force. The lack of opportunities for absorbing the new entrants in the formal labour market meant they had to find opportunities elsewhere.

1.3.2. Urbanization
Table 12 below indicates that urban population growth rate is twice the rural population growth rate in the period of 1994 and 2004. This is a clear indication of internal migration, which increased informal sector employment in the cities. Labour force increase in the large cities pushes the immigrants and residents to look for job opportunities, which do not require high capital or high-end skills, ending up founding or working in informal sector establishments.

Internal migration, which includes rural-to-urban migration, is one determinant of employment in the informal sector in Syria. It has contributed to informal sector growth as poor immigrants coming from rural areas work in all types of marginal economic activities in the cities. Also, more than 1.5 million Iraqi immigrants often depend on the urban informal sector for their livelihoods in Syria.

1.3.3. Contraction of the public sector
Prior to transition to social market of economy, the Syrian State was committed to employing citizens in the public sector. This employment policy was based on social principles and not economic ones. But the public sector could not continue absorbing workers. While public sector had created an average
of 45,000 job opportunities per year during 1981-1994, this average declined to 28,000 jobs per year

The employment growth rate in public sector decreased from 7.5 per cent during 1970-1980 to
2.6 per cent during 1995-2004. The private sector employment growth rate was a mere 0.8 per cent

Such decrease in the public employee growth rate is related to public sector shrinkage. After
leading the Syrian economy for decades, the public sector has begun to contract following the
measures introduced in transition to social market economy. A key indicator for this is the share of
public investment, which has declined from 70 per cent of total investment in 1975 to 47 per cent in
2005.

The decline in the absorption capacity of public sector has not been pushed up by a parallel
increase in private sector’s job creation capacity.

1.3.4. Difficulty of establishing private institution

According to ‘Doing Business Report’ 2008, World Bank ranks Syria as 137 out of 178 countries
included in the Report in term of “ease of doing business”.

According to the indicators below, businesses face many obstacles when launching a new
business in Syria, in spite of the recent incentives for encouraging establishing new enterprises. The
informal sector establishments can avoid these obstacles, thereby saving time, money and efforts, and
in turn encouraging businesses to flourish at start up stage.

Syria does not perform well against most of these indicators. A comparative review of several
countries from the region with respect to ease of doing business shows that Singapore ranks most
conducive to doing business, followed by Turkey, United Arab Emirates (UAE), Jordan and Lebanon
respectively.

It is also worth noting that Syria is ranked 126th on the indicator on employing workers. This is
due to the Syrian Labour laws, which specify maximum hours of work per day, the discharge
compensation paid to employee, and the non-wage cost of registering employees in the Social
Insurance. Some argue that the regulatory framework of the Syrian Labour Law is causally related to
more informalization especially in the private sector.

1.3.5. Education level of Syrian work forces

The low levels of education of the Syrian workforce had contributed to the growth of employment in
informal sector (see figure 14).

Figure 14: Educational nature of the labour force, (%)

Source: CBS, multiple years
In spite of the progress in the educational profile of Syrian workforce, more than 75 per cent consist of those below secondary school certificate holders. The educated workforce has increased during 1970 – 2005 from 6 per cent to 24 per cent.

The workforce with low education still faces severe difficulties to find work in the formal sector. This group consists of Syrian workers, who do not have the know-how and skills base to negotiate with employers the terms and conditions of work, such as written contracts, social protection, paid leave and other rights.

1.3.6. Poverty
Even though the population living under the lower poverty line decreased from 14.3 per cent in 1996/1997 to 11.4 per cent in 2003/2004, it is still relatively high. The population living under the upper poverty line was at 30 per cent in 2003/2004.

There is a relationship between poverty and informal employment. Two points worth noting include:
- Poverty is a key reason for illiteracy; many poor people are still illiterate or have limited education, and are forced to work in any job they find, whatever the conditions.
- Poor people often cannot afford the goods and services produced in the formal economy, drawing them to the lower priced goods and services produced in the informal economy.

1.3.7. Low salaries in the formal sector and moonlighting
Low salaries of formal sector employees have forced them, especially public sector employees, to look for other jobs in the informal sector. Many public sector employees have to work additional hours as to make ends meet. Informal sector activities allow for greater flexibility, with respect to work hours as well as place of work. Moreover, since it would be illegal for public employees to work in the formal private sector, they have to go for informal economic activities that are harder to detect.

1.3.8. The Prevalence of family institutions
The concept of shareholders has not yet been established in the Syrian small-scale establishments. Family enterprises prevail in the private sector and many work in informal sector arrangements.

The main obstacles for SMEs expansion are, finances shortage, absence of market information system that make the known of existent competition more difficult, and the most important reason is the non-trust prevailed between individuals belonging to different families.

Even though private sector in Syria represent more than 75% of total employment, with SMEs representing more than 90% of private sector enterprises, taking sectoral investments weights into consideration, it is still believed that SMEs represent less than 9% of GDP in Syria that was estimated at 13.5 billion Dollar in 2000. SME share of this output in then estimated to be 1.2 billion dollar. Hence the output of one SME employee is approximately 8 800 $ a year (SEBC, 2002).

1.3.9. The Syrian tax regime
The complexity of the tax regime, on the one hand, and its high rates, on the other hand, have forced a number of private entities and individuals to avoid setting up formal sector enterprises, and opt for informal establishments in terms of registering of businesses and workers.

2. Women entrepreneurs facing informality
Under-recording of women’s work that takes place within households may contribute to the low rates of women’s labour force participation. In Syria, there is a problem of ‘disguised employment’. Therefore, there are different indicators that need to be tracked, in order to reach a better understanding of gender equality considerations in the world of work. The demand for wage-employment is most often limited and many are forced to create their own employment, typically in small enterprises,
employing only themselves and possibly other household members. However, the presence of a large public sector and significant manufacturing and construction sectors has contributed to reducing the need for self-employment for men. On the contrary, due to the semi-absence of women in these two sectors and to the continuing contraction of the public sector, job creation in the private sector and women entrepreneurship will need to be given importance.

2.1. Women in the work

In Syria, only about 0.7 million of 4.9 million workers in 2006, or 13.5 per cent of total employment, were women. Besides, while women are not desired to work in some kinds of activity, Men are expected to work in any job they find in order to earn a living, as they are perceived as the “bread winners” of households.

Women’s share in total employment has gone down from 18 per cent in 2003/4 to 12 per cent in 2006. This decrease is associated with the transition to social market economy, rural to urban migration and the shrinkage in public sector employment. As is seen in other countries with rapid rural to urban migration trends, it is not unusual to see the women’s share in total employment to plummet. While women are prominent in predominantly agricultural economies as contributing family workers, the absorption capacities of urban economies is not immediate. They might be able to work in informal economic activities in urban economies, but this is not often at the same levels as their involvement in rural activities. Employment opportunities for rural women migrants to urban areas can be generated through strategic policy and programs that enhance their access to labour market relevant skills and capital.

Women workers are more educated than men workers. Two thirds of the women workers are at least secondary school graduates, while less than a quarter of men workers have the same educational attainment levels. While there are working women with elementary degrees or lower, they are mostly contributing family workers in agriculture.

Women represent 44 per cent of all the unemployed in Syria. The main reason is the increase in number of young women entering into the labour force on account of changing perceptions toward women's work outside the home, and increasing need of households for additional income.

The unemployment rates for women and men have gone through several ups and downs between 2001 and 2006. As men’s unemployment rates went up in 2003 and 2004, women’s unemployment rates went down. And between 2005 and 2006 as men’s unemployment rates went down, women’s unemployment rates rose.

The opportunities for work for young women and men are fewer than those for the older generations. Of the unemployed persons, 97 per cent had not yet worked, indicating that unemployment is largely a labour market entry problem. The 2004 census shows unemployment rates decreased with age. Youth unemployment composed the largest part of unemployed in Syria. More than half (55 per cent) of the unemployed were between the ages of 15 and 19. The mismatch between skills of young workers and labour market demand is one reason and the lack of experience among youth also diminishes their chances with prospective employers.

Most of the unemployed are elementary and preparatory school graduates, constituting 41 per cent and 17.6 per cent of the unemployed, respectively, in 2006. While illiterate workers formed 12 per cent of all workers, their share among the unemployed was only 3.5 per cent in 2006. University graduates only made up 7 per cent of the total workers, while only 2.7 per cent of total unemployed people.

Unemployment among university graduates peaked in 2002 to 8.5 per cent, before declining to 6 per cent in 2006. While unemployment among men university graduates has not exceeded 4 per cent in the last five years, it reached almost 14 per cent among women university graduates, consistent with the regional trends of rising unemployment among young educated women.

It is clear that education is not the most important factor when employing individuals. According to survey of DLFS in 2005, only 9.5 per cent of employers say that they consider education
a first priority when choosing their employees. Beside previous Survey showed that 30 per cent of youth were unemployed because they had no education; while 14 per cent of the unemployed youth were unemployed on account of the mismatch between their education and labour market demand. Other reasons include work experience, type of education received in over-saturated fields, and gender discrimination.

Most unemployed persons (40 per cent of the unemployed), who had a job before, worked in services. This rate is higher among unemployed women (57 per cent). Unemployment rate among construction workers, which is one of the largest sectors employing informal workers, is 23.8 per cent.

These rates assure that both sectors are informality, and lots of workers there are out of respectable work conditions.

Public sector jobs are considered stable with a guarantee of retirement in comparison with the private sector. The instability factor is even more obvious in the informal private sector enterprises. Majority of the unemployed, who previously had a job, (63 per cent) worked in the private sector. This is related to the increase in the share of the private sector in the national economy, on the one hand, and the flexibility of employing and firing employees in the private sector, on the other hand.

The share of formal sector to total employment declined from its peak of 43.9 per cent in 1999 to 23.4 per cent in 2002. Since then, it has been steadily increasing to reach 35.3 per cent in 2006.

2.2. The main challenges which are facing women entrepreneurs

For most entrepreneurs in the world, legal registration is often cumbersome, time-consuming, and expensive. The number of procedures required to start up an enterprise varies – ranging from two in Canada to twenty in Bolivia, with the world average around ten.

Compliance with regulations has costs for small enterprises but can also bring important benefits to these enterprises, such as better access to financial services and social security coverage to their workers. Facilitating compliance with regulations can boost the quantity and quality of jobs. (Gerhard Reinecke-Simon White, 2004).

Women entrepreneurs in Syria, whether they are rural or urban, have little access to financial services for the poor. In addition, these women are not very well educated, which means that if they want to start their own businesses, they lack the knowledge and the know-how to manage the business, conducting a simple feasibility study; costing: profitability analysis; quality control; marketing and linkage with other medium and large businesses; financial and technical management; promotion and marketing of products and services; assessing demand; and developing products and services accordingly. Furthermore, women entrepreneurs face additional social difficulties compared to men, such as lack of the family support in assuming domestic responsibilities and sharing business needs and risks. Social constraints, in terms of gender inequality and lack of entrepreneurial mentality, are also creating impediments to the business.

Furthermore, lack of education and skills, in addition to lack of licenses, are challenges stressed by the women entrepreneurs of small or micro businesses. In practice, women’s entry into the labour market is constrained by custom and gender stereotyping of occupations. Particular constraints to entering the private sector include the absence of a legal framework organizing employer/employee relations. In practice, women generally do not have control over decisions regarding allocations of their earnings. Small percentage of women (7.1 per cent of total economically active women) are involved in running their own businesses; this is due to the limited qualifications/experience and access to credit, the complications faced when applying for licenses due to the difficulty of obtaining finance, and the limited assets and administrative obstacles.

One popular way in supporting women entrepreneurs to start up businesses is providing microcredit, which entails the extension of very small loans to unemployed or poor entrepreneurs. These individuals usually lack collateral, steady employment, and a verifiable credit history, and therefore cannot even meet the most minimal qualifications to gain access to traditional forms of credit.
2.3. The impact of the ratification and endorsement of Decree No. 15 in 2007 on women entrepreneurs

Although data is available only for some larger programmes, it appears that microfinance programmes in Syria have low percentage of women clients. Syria's average is estimated at 19 per cent, while the regional average is 60 per cent.

In 2007, the Syrian government has taken an important step to provide a suitable legislative environment for the operation of small and micro financing institutions by issuing the legislative decree No 15. This was commenced under the umbrella of the 10th five-year plan that announced the importance of establishing banks, which support rural development and provide financing to micro, small and medium enterprises, especially in poor areas.

This decree aims to raise the people's standard of living and income, and to secure new job opportunities for women and poor, especially in urban and remote areas. This is to be achieved through various activities provided by those institutions, such as social and financial banking services for the poor segment to raise their standard of living and decrease unemployment.

The minimum capital for any such institutions was limited to 250 million Syrian pounds⁵ (US$ 4.9 million) to be deposited in cash at a fund in the Syrian Central Bank. The monitoring and credit council is responsible for setting rules and regulations needed to sustain the institution's work. The council is also in charge of approving the interest rate suggested, taking into consideration the special nature of these institutions and their activities. Nevertheless, some poor women judge the risk involved in taking loans from microfinance institutions to be too high and place value on being prepared for economic shocks in advance. Savings mobilization is one of the most effective ways, in Syria, of providing access to such protection. Well-conceived savings services present substantial advantages over loans, in terms of the accessibility, security, return, and divisibility of funds that they offer.

In summary, the institutional, legislative and political framework in Syria is changing to become gradually more conducive to micro and small enterprises.

2.4. Organizations supporting workers in the informal economy

Government institutions may support the growth of informal activities, in order to reduce poverty and unemployment. The development of entrepreneurial initiatives is supported through credit facilities, training programmes, and other business development services.

Many microfinance programmes offer a range of non-financial services, often in partnership with specialized NGOs. Social intermediation, business development services, and training are three types of non-financial services most commonly offered in conjunction with microfinance. However, virtually all microfinance programmes with the goal of financial viability have found it necessary to separate their main business of financial intermediation from non-financial services. Concerted efforts must be made to ensure that non-financial services are demand-driven and tailored to meet the age, location, time, mobility, and educational constraints of women entrepreneur.

Some UN agencies, in addition to few NGOs, are working in the field of microfinance to empower local communities. Only a few microcredit schemes have been available since the 1960s to disburse medium and long-term loans, namely the Credit Bank and the Agricultural Cooperative Bank (UNDP, 2002), in addition to some more recent schemes of international organisations such as UNDP, United Nations Relief and Works Agency (UNRWA), World Food Programme (WFP), International Fund for Agricultural Development (IFAD), and German Agency for Technical Cooperation (GTZ). Since 2001, other programmes were established to provide microcredit and business development services to entrepreneurs, especially in rural areas.

Even though one can find a certain sectoral social policy in some domains such as employment, education, health, and social protection, it is usually not linked to other social policies, and

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⁵ US$ 1 = 50.74 SYP (June 2006)
coordination is lacking among the different actors, whether among the different ministries (e.g. MOSAL and SPC) or between the leading ministry and concerned NGOs (e.g. SPC and FIRDOS).

2.5. The special situation of women entrepreneurs in remote and rural area

Most women lack the knowledge of their rights as citizens and workers. Governmental and non-governmental bodies have done limited work with rural women directly, even with the development activities carried out by the Ministry of Agriculture and Agrarian Reform (MAAR). The Rural Women’s Development Unit (RWDU) of the Ministry is one government entity that aims to raise awareness among rural women and familiarize them with their rights on the basis of the strategy formulated by the Ministry for the development of rural women.

Data reveals that the percentage of self-employed women in agricultural employment decreased from 19.6 per cent in the 1970s to 14.3 per cent by the 1990s; while the percentage of women in non-agricultural self-employment exhibited a negligible increase from 5 per cent to 6 per cent during the same period (CAWTAR, 2001).

Concerning the legal framework, the Agricultural Relations Regulatory Act prevents employment of women at night only in the work (determined by the Minister after conducting opinion polls on Peasants Union and the General Federation of Women). While maternity leave was reduced to 75 days with full pay, Article 22 gives the mother the right to an hour of nursing for a period of 18 months from the date of birth.

It also placed Article 24 on the penal responsibility of the employers and their agents and representatives, in the event of conflict with the provisions of this law when hiring women. However, Article 164, paragraph c, has excluded the investments between family members of one family and agricultural investments which it operates. Agricultural households working together as husband and wife, brothers, sisters and children is a common occurrence in Syrian rural areas. This exception is intended for children and women who work in these investments. The Ministry works to inform women of their economic, social and political rights through development projects implemented in cooperation with numerous bodies such as the Agency for Combating Unemployment (ACU), United Nations Children's Fund (UNICEF), UNIFEM and FIRDOS.

2.5.1. Status of rural women within the family and society

Studies carried out by the RWDU of the Ministry have mapped out the lives and work of rural women. The deficit of educational, cultural and social rights for rural women are depicted in early marriage, polygamy, illiteracy, high dowry prices, inheritance customs, women’s unpaid labour, and high levels of mortality.

Various statistics produced by the RWDU indicate that over one third of the rural women employed outside the home (36 per cent) are illiterate. Rural women with a certificate of vocational education account for 15 per cent of total women employed, compared with only 4 per cent in the case of men.

Women employed in the home consist mainly of those who can read and write (29 per cent), followed by those with a certificate of primary education. The percentage of economically active women in the 9-15 and 20-24 age groups is noticeably increasing. In the former age group (9-15 years), this is attributable to the fact that the women concerned are child workers involved in unpaid domestic work or working in agriculture.

The educational status of those working in the agricultural sector shows that the majority of working women (78 per cent) are completely illiterate (53 per cent), while around a quarter are only able to read and write. A further 17 per cent have a certificate of primary education and 3.5 per cent have a certificate of preparatory education. Less than 1 per cent of the working rural women have a certificate of secondary education.
One of the social phenomena noted by some of the studies carried out by RWDU is that of early marriage among girls. Such marriages are connected with the prevailing idea among rural inhabitants that the reproductive role falls essentially to women.

As for the percentages reflecting the age of marriage for both women and men, in a sample taken from Syria’s predominantly rural governorates the vast majority of heads of household were under 20 years of age when they married, representing a proportion of 35 per cent of the sample. The proportion of women who were under 20 years of age when they married, however, represented approximately 85 per cent of the sample, confirming that the early marriage of girls is a common phenomenon, especially in rural areas.

2.5.2. Women entrepreneurs in rural areas

Workers in the agricultural sector have the characteristic features specific to the sector. Single women account for 62 per cent of the total female workforce and a further 30 per cent are married, which explains the high proportion of young girls in the women’s workforce.

Rural women are capable of incorporating their work outside the home with their care responsibilities. The girls of the household usually assist with agricultural production and housework, which keeps them away from education. The school drop-out rates among young girls in rural areas remain high.

In rural areas in Syria, women are actively involved in farming (planting, weeding, harvesting, and processing), and livestock (feeding, cleaning, milking, and milk processing). Marketing of these products still remains a male occupation. A number of women also act as heads of the household, in which case all duties of child care, household management, and farming become the responsibility of women. A baseline survey was conducted in 1994 by the Syrian MAAR in 150 villages with over 2,300 families. The study found out that in order to prevent land fragmentation, women have to surrender their inheritance rights to their brothers. They are compensated in symbolic terms either in cash or in kind. Foregoing women's land rights has weakened their economic position where farm and animal husbandry work are understood as a part of the work of women in the household. Only a very low percentage of rural women are involved in remunerative economic activities as wage workers, employers or self-employed (FIRDOS and AIDOS, 2003).

Traditions in rural areas do not prevent women from engaging with men working side by side in agricultural activities. However, gender inequality does exist as a result of structural impediments and problems built into the social order, often reinforced by culture and tradition. For instance, women in this area lack inclusion in the decision-making. Men tend to dominate the decisions. These social constraints have an impact on the business. Furthermore, women do have domestic responsibilities, in addition to their work in the enterprises. They work part-time or they combine part-time with full-time work, and paid with unpaid work (Al Sharaa, 2006).

Rural women entrepreneurs are facing many difficulties in marketing their products. In interviews, they referred to the difficulties in linking themselves to the larger markets in the cities. They had never referred to the type of the business, the quality, or the design of their product/service. Thinking "outside the box" to come up with new ideas is not so common. For the women entrepreneurs interviewed lack of innovation and knowledge on product development and design were not taken into account. Diversification and differentiation of products and services do not seem to be clear in the entrepreneurs' assessments.

Difficulties in getting the business license seem not to be crucial for the interviewed women entrepreneurs as most established businesses are for start-ups who are still in the initial phase of the enterprise. Legally speaking, they can work without a license as their business is very small. However, for entrepreneurs working on food processing activities, license is important. Problems could be faced when marketing these products without any legal status as under Syrian law, it is illegal to market such products with no health compliance certificate and a registered trademark even if hygiene standards are respected. Without these certificates market entry for the entrepreneurs will be more difficult.
Being start-ups with no legal obligations such as paying fees and taxes facilitates the work of the entrepreneurs. However, working in the informal sector has always some negative effects. In an article about Microcredit and women’s poverty, Susan Feiner and Drucilla Barker mention that the enterprises established by small entrepreneurs are usually in the informal sector which entails that they are not legally protected.

In any case, once the business grows, women will have any way to get a license and register their business officially which will entail different types of challenges.

For women in the rural areas, lack of self confidence is a major barrier and risk avoidance is a big hindrance. The status of women in such social structure makes women dependent on men in their lives – their husbands, brothers, or fathers –and family resistance is a major disincentive to business start-up. Close male family members often make decisions for women, hence going against the independent spirit of entrepreneurship.

Of the women interviewed, 80 per cent are married and have families. Due to the many challenges they face in raising their children, most of them are now engaged in income generation activities in the form of micro-enterprises.

In our case, some interviewed women entrepreneurs faced an opposition from their husbands to follow business training, to take up a loan or to get the guarantee of their husbands for the loan application. In this regard, the VBI staff has drawn the attention that some women entrepreneurs in the area managed to start up a business and get a loan, however, their husbands seem to control the business and the utilization of profit.

Considerably lower proportions of women were involved, however, in mechanized activities requiring the use of agricultural machinery, such as mechanical harvesting, irrigation, and fertilizing and pest control, all of which demand a considerable amount of physical strength.

Women entrepreneurs are aware of the fact that microcredit will not solve all their business problems, whereby most of the surveyed women entrepreneurs in rural Lattakia had a higher awareness and trust of benefits of such programmes. Around 55 per cent of the women interviewed mentioned that they feared to get a loan, although they needed funds to start up their businesses. These women have learnt from the experience of others that loans might mean risk. In case their business was not profitable, they would never be able to repay the loan, which would be a major shame in a small rural community (Al Sharaa, 2006).

The success of the microcredit model may not have taken local borrower mindset and social context in mind. Studies of microcredit programmes have found that women often act merely as collection agents for their husbands and sons, so that the men spend the money themselves, while women are saddled with the credit risk.

The need for good financial mechanisms to support wealth creation and financial services in the micro and small enterprise sector is crucial to promote economic development. However, most of the above-mentioned organisations which are working on supporting entrepreneurs do not take into consideration that microcredit might not be the ideal financial tool for the poor to start up a business.

The microfinance service provision, which has been developing world-wide during the last twenty years, draws the attention to that saving money as a safe way to start up a business and to manage it properly.

Another method used by Syrian women to finance their own businesses is that of rotating saving and credit associations, in which members are committed to paying a fixed sum of money into a pot each cycle. Lots are drawn and the pot is randomly allocated to the members. The cycle of this form is closed when all members have received a pot (Al-Kawaz, 1999). This has been revealed clearly in the enterprises established in Ain Attineh area, where 85 per cent of the interviewed women started their businesses from their own savings (Al Sharaa 2006).
3. Conclusion
This research paper looks to assess the environment in which women entrepreneurs work. It examines labour market mechanism and national business regulatory which led to the informality such as taxation, labour regulations, and trade and finance policies, and assesses their direct and indirect effects on the Entrepreneurship spirit especially for women. Drawing lessons from this research, we can outline the major principles for reform, including the importance of communication and transparency, and the designing of laws and fair regulations that take account of existing gender-based inequalities. More than simply helping to create more jobs, we should aims to help to create more jobs of better quality.

The development of entrepreneurship can play an essential role in employment creation and poverty reduction. The government in Syria has made efforts to support entrepreneurs for just this reason. At the same time, many entrepreneurs work where they earn low incomes, have little or no social protection and are exposed to dangerous working conditions. This paradox stems from a policy and regulatory environment which should help the development of this kind of jobs and improve the quality of jobs provided by them, but in practice often establishes biases and stifles growth.

In economies with large agricultural sectors, women work more often in this sector than men. Women’s share of employment in the services sector also exceeds that of men. Additionally, women are more likely to earn less than men for the same type of work, even in traditionally female occupations.

Creating adequate decent and productive work for women is possible, as shown by some of the progress detailed above. But policy-makers not only need to place employment at the centre of social and economic policies, they also have to recognize that the challenges faced by women in the world of work require intervention tailored to specific needs. Women must be given the chance to work themselves and their families out of poverty through creation of decent employment opportunities that help them secure productive and remunerative work in conditions of freedom, security and human dignity. Otherwise the process of feminization of poverty will continue and be passed on to the next generation.
References