

# FEMISE MED BRIEF

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## Boosting female labour market participation rates in the MENA region : Can collaborative economy be of help?

by Dr. Katarzyna Sidło

in collaboration with :



### 1. Summary

*This policy brief evaluates the potential of collaborative economy for increasing labour force participation of women in the MENA (Middle East and North Africa) region. Specifically, it examines the ways in which the collaborative economy can enable joining labour market to those women who wish to do it, but for various practical (lack of jobs, difficult commutes), societal (restrictions on outside-of-the-house activities), or family (caring responsibilities) reasons had been unable to do so.*

### 2. Introduction

The collaborative (or sharing) economy refers to business models that create an open marketplace for access to goods and services thanks to the use of modern technology. It covers a variety of sectors, is rapidly emerging throughout the world and provides new opportunities for citizens who are able to get what they need from each other instead of going to large organizations.

A real chance for innovative entrepreneurs, the sharing economy has been growing rapidly all over the world over the past five years; in the EU alone, the estimated gross revenue and value of transactions conducted through collaborative platforms and providers almost doubled between 2014 and 2015 (up to EUR 4 billion and EUR 28 billion respectively) (PWC, 2017). Although similarly exhaustive data for the MENA (Middle East and North Africa) region is unfortunately unavailable, relative evidence and industry-specific data suggests it is growing at least at an equal pace in a number of countries in the region. For instance, one study estimates that in the Gulf Cooperation Council (GCC) countries alone, consumers spend annually around USD 10.7 billion on collaborative economy platforms (Strategy&, 2017) and this number is bound to increase dynamically over the upcoming years.

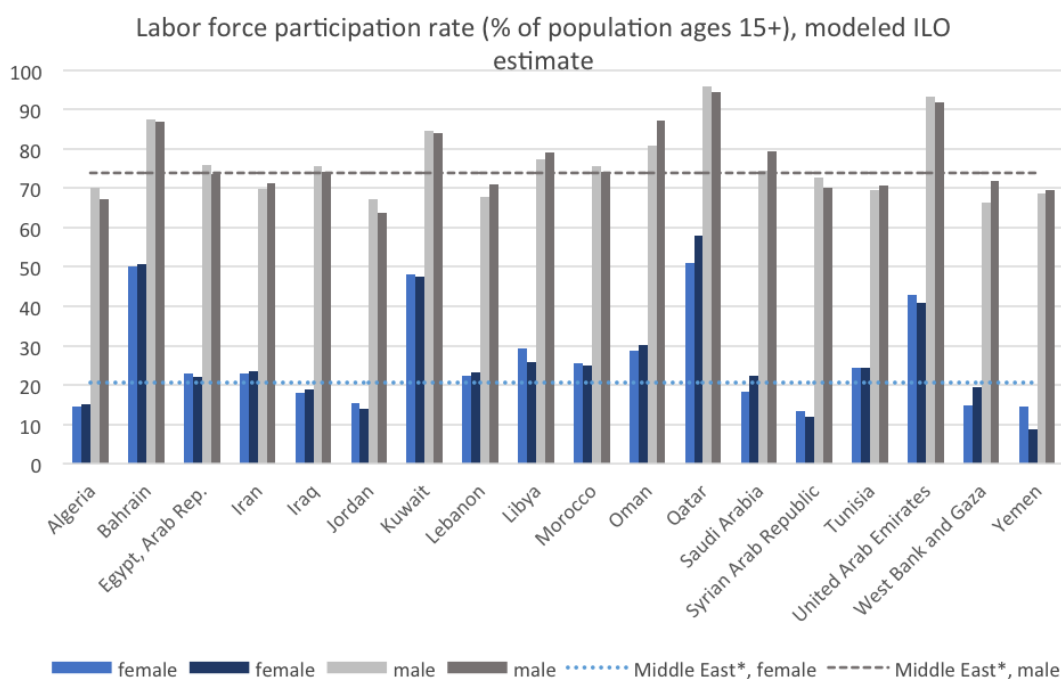
At the same time, the region still suffers from high female unemployment and low female labour force participation rates. In 2017, female unemployment in MENA [1] stood at 19% compared to 9% for men, and the female labour force participation rate was just 21% compared to that of 74% for men (ILO, 2017). These differences cannot be solely explained by differences in the education

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level; access to all levels of education have been steadily improving across the region and enrolment rates in secondary and tertiary education is sometimes higher for women than for men (Sidlo et al., 2017).

What oftentimes prohibit women from entering the labour market are **socio-cultural norms**. Public opinion surveys show that in many countries across the region women are believed to be predominantly caregivers and housewives, not breadwinners of a family. For instance, half of the male respondents in Egypt, Algeria, and Occupied Palestinian Territories do not believe that it is acceptable for women in their family to have a paid job outside the home (Gallup-ILO, 2017). This kind of attitude is sometimes reflected in national laws (although admittedly labour codes of most countries in the region prohibit gender discrimination). For instance, national laws stress that married Jordanian (and until very recently Saudi) women need their husbands' consent to work outside the house. In Turkey "the harmony and welfare of the marriage union should be borne in mind when choosing and performing a job or profession" (Sidlo et al., 2017).

But even those women who are at freedom and want to enter the labour market often face difficulties in finding appropriate jobs. According to the Global Gender Gap Report 2017 (WEF), although most countries in the region are progressing in closing their gender economic gap, the region as a whole still ranks last globally and it will take approximately another 157 years (all things equal) for the gap to disappear completely.



Source: Own compilation based on International Labour Organization, ILOSTAT database.

\*For ILO Middle East, apart from the countries included in the graph, includes also Djibouti, Israel, and Malta.

Against this background, in this brief I evaluate **the potential of the collaborative economy for improving the situation of women in Middle Eastern labour markets**. I look into the ways in which it can help them to gain necessary knowledge and skills, as well as funds, for starting their own businesses. I also examine whether sharing economy platforms have a potential to facilitate women operating in a socially-acceptable way. Finally, I offer recommendations that could be envisaged by governments and the private sector to fully unlock the potentials of both the collaborative economy and women in the MENA region.

### 3. Approaches and Results

In order to answer this question, I use the publicly available data on various businesses operating within the collaborative economy in the MENA region, predominantly those provided by businesses themselves. I then examine activities undertaken within various sectors of the sharing economy and use case studies to analyse ways in which they can assist in solving different problems faced by women in the MENA labour markets.

#### *Car hailing services*

Due to very limited and unreliable public transport, commuting to work can be a major problem both for men and women in the region. However, in the case of the latter, additional problems arise: from harassment in public transport, through the fact that long commutes may further complicate the already difficult task of combining paid work and household responsibilities, to the limitations resulting from less disposable income to spend on transport fares and lower probability of possessing both a driving licence and a car. Indeed, one study in Jordan found that “transportation challenges are one of the most significant barriers to youth participation in the workforce, especially for females”, particularly in rural areas. These challenges were the reason why they were forced to “leave jobs within six months of being hired” (International Youth Foundation, 2014 quoted in: Sidło et al., 2017).

Car hailing companies are well placed to both provide women with safe and reliable commute options, and to offer them job opportunities. Out of all the car hailing services operating in the region, the two most popular ones are arguably Careem and Uber. Women form a large share of the customer base of both – for instance in Saudi Arabia as many as 80% of Uber’s and 70% of Careem’s clients are female (compared to a reported 50%-60% in other countries in the region). Both companies were also quick to announce they encourage their female clients to become employees as well once the ban on women’s driving was lifted; Uber declared opening one-stop recruitment shops and Careem boasted that over 2,000 women registered as drivers within the first two weeks of ban-lifting announcement. Currently, women form only a fraction of both companies’ employees. Careem, in 2017 exceeded 15 million consumers in the region [2] and employs over half a million people, it “hopes” to meet a goal of 20,000 female Captains (drivers) by 2020. Uber, having much broader geographic coverage, set a goal of 1 million by the same year – although how many of them in the MENA region is unclear.

#### *Crowdfunding*

As women in MENA countries generally do not work outside of the house and so do not earn money. They have less disposable income that might be invested in setting up a business and have limited access to assets that could be used as a collateral should they wish to obtain credit. This problem is exacerbated by the fact that in the majority of countries in the region, women (in line with Islamic laws) inherit only half on what men do. Overall, throughout the region, women’s financial inclusion is relatively low: from just 2% in Yemen, through 9% in Egypt, to 67% in Bahrain.

The problem of lack of easily accessible funding can, to some extent, be alleviated by the presence of crowdfunding platforms, allowing to raise funds from online communities. As results of one recent study show, this is especially true for women, whose fund-raising campaigns are 32% more likely to reach their financing targets than those led by men (PwC and The Crowdfunding Centre, 2017). As it appears, this potential is already being realized by female entrepreneurs in the region. Beehive, one of the popular crowdfunding platforms in MENA, reported that between 2014 and 2018, 20% of 516 start-ups funded through the platforms had at least one female founder. Its competitor, Zoomaal, boasts that in 2015, 60% of projects seeking funding through the platform were started by women. On another local crowdfunding platform,

Eureeca.com, one-fifth of all projects and 60% of those that successfully obtained funding were established by women. Although the total number of projects funded through crowdfunding platforms may not be as high in the MENA region as in other parts of the world, the percentage of those among them that were led by women is encouraging.

### *Online marketplaces*

Various online platforms allow users to offer both their goods and services to customers. Such a business model allows entrepreneurs to operate in the comfort of their own houses, which can be especially valuable for women. Indeed, in 2016, 87% of sellers on Etsy, the world's most famous platform of this type, are female and virtually all (97%) run their businesses from home. While an "Etsy for Middle East" has not emerged yet, a number of smaller platforms, such as Moroccan "The Anou", are fighting for the market.

Arguably, the biggest success story is that of Nabesh, an online skills marketplace (founded by two women from the region), enabling businesses to hire freelancers for various, mostly IT- and graphic design related projects, such as website development, brand identity creation, or copywriting tasks. Back in May 2017, the company's founder Loulou Khazen Baz reported that "nearly half" of the 100,000 freelancers registered on the platform were women.

## 4. Conclusion

The sharing economy offers numerous opportunities for women in the MENA region. The case studies described above present but a small number of those; other examples include online learning platforms or co-working spaces, both of great use for women at different stages of their careers. Importantly, women in the region do recognize this potential: as it has been shown, they form a significant number of users of various collaborative economy platforms. Overall, in the region over one third (35%) of internet entrepreneurs are women – more than three times as many as the world average of 10%. One can argue that one of the reasons behind this is the flexibility that comes with participation in the sharing economy. This flexibility allows a woman to participate in the labour market – thus contributing to her empowerment – while still fulfilling her family obligations and complying with various social and cultural norms. The sharing economy enables women to get training and funds needed to set up a business and once they obtain those, launch their companies online – all without leaving the house. Should they want to move to an office, they can do so using collaborative spaces reachable thanks to car hailing services where women are not only clients but drivers as well.

## 5. Implications and Recommendations

Like all new business models, the collaborative economy faces a number of challenges.

- **The lack of regulations or presence of inadequate ones** not only makes the functioning of sharing-economy businesses difficult, but also negatively affects their clients and employees. For instance, Uber and Careem have been repeatedly outlawed in Jordan and Egypt, creating a lot of uncertainty for the drivers and their local clientele (as of March 2018 hail riding services got suspended by a court's decision in the latter). Other, less controversial services, are suffering as well due to doubts relating to taxation and labour codes. Without proper regulations, women taking part in the sharing economy carry the risk of not being covered by social security or protected by the labour code.

- Equally real is **the threat of pushing women out of the physical labour market** and confining them to the home sphere to an ever greater extent, since they can earn money and get degrees without the need to leave the house.

**Governments** should do their utmost to prevent this. Crucially, collaborative economy should be treated not as a solution to the unemployment problem and governments should work hard towards achieving high rates of female labour force participation regardless of how popular sharing economy in their country is. At the same time, however, the rights of those women who do participate in the collaborative economy should be protected.

- To achieve that, governments need to develop **adequate legal frameworks**, tailor-made for their country's needs. While freelancers and part-time workers' rights need to be protected everywhere, tailored solutions will allow to make the most of what the sharing economy offers.
  - This could regard taxation but also for instance the use of **solutions offered by Islamic finance**; some crowd-funding services such as the Lebanon-based Liwwa are already employing sharia-compliant instruments such as murabaha on their platforms. Ensuring approval from local fatwa directorates sanctioning this kind of solution could make obtaining funds easier for those women for whom religious observance is of great importance.
  - Finally, governments should **facilitate provision of fast, reliable, and affordable internet** for all their citizens, including those in rural areas.

**Companies operating within the sharing economy** can on their part do more to encourage women to join their ranks and offer them good working conditions. Some of the businesses are doing that already. Careem launched the Women Empowerment and Engagement Network (CWEEN), increased maternity leave from 45 days to 3 months and is actively encouraging women to join the company. Zoomaal co-funded a Women on The Frontline Challenge aiming to raise funds for projects positively contributing to improvement of women's position in society. Nabbesh is working towards creating more attractive, private-sector job opportunities for women in the United Arab Emirates through its Work that Works for Women initiative. More could however be done, including social campaigns and reaching out to women in rural areas, to fully unlock the potential of both the collaborative economy and women in the MENA region.

### Notes

[1] World Bank classification, including Israel and Malta

[2] Careem operates in Middle East, North Africa and Pakistan.

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## FEMISE MED BRIEF

*FEMISE is a Euromed network established in June 2005 as a non-profit, non-governmental organisation (NGO) following 8 years of operation.*

*FEMISE is coordinated by the Economic Research Forum (Cairo, Egypt) and the Institut de la Méditerranée (Marseille, France) and gathers more than 100 members of economic research institutes, representing the 37 partners of the Barcelona Process.*

*Its main objectives are:*

- to contribute to the reinforcement of dialogue on economic and financial issues in the Euro- Mediterranean partnership, within the framework of the European Neighbourhood Policy and the Union for the Mediterranean,*
- to improve the understanding of priority stakes in the economic and social spheres, and their repercussions on Mediterranean partners in the framework of implementation of EU Association Agreements and Action Plans,*
- to consolidate the partners of the network of research institutes capable of North-South and South-South interactions, while it sets into motion a transfer of know-how and knowledge between members.*

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