PALESTINIAN TERRITORIES: ENHANCING JOB OPPORTUNITIES FOR SKILLED WOMEN

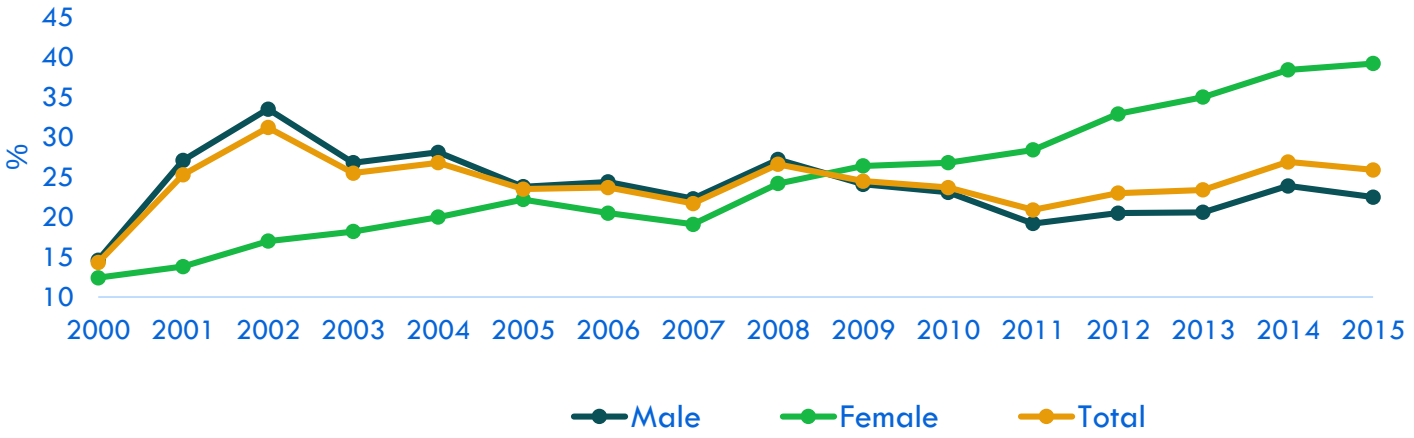
WORLD BANK GROUP

THE REPRESENTATIVE OFFICE OF NORWAY
TO THE PALESTINIAN AUTHORITY

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CONTEXT

- In a context undermined by years of political instability and continuous Israeli restrictions on the movement of people and goods, unemployment rates rose from 14.3 percent in 2000 to 25.9 percent in 2015. For females, the unemployment rate more than tripled from 12.4 percent in 2005 to 39.2 percent in 2015

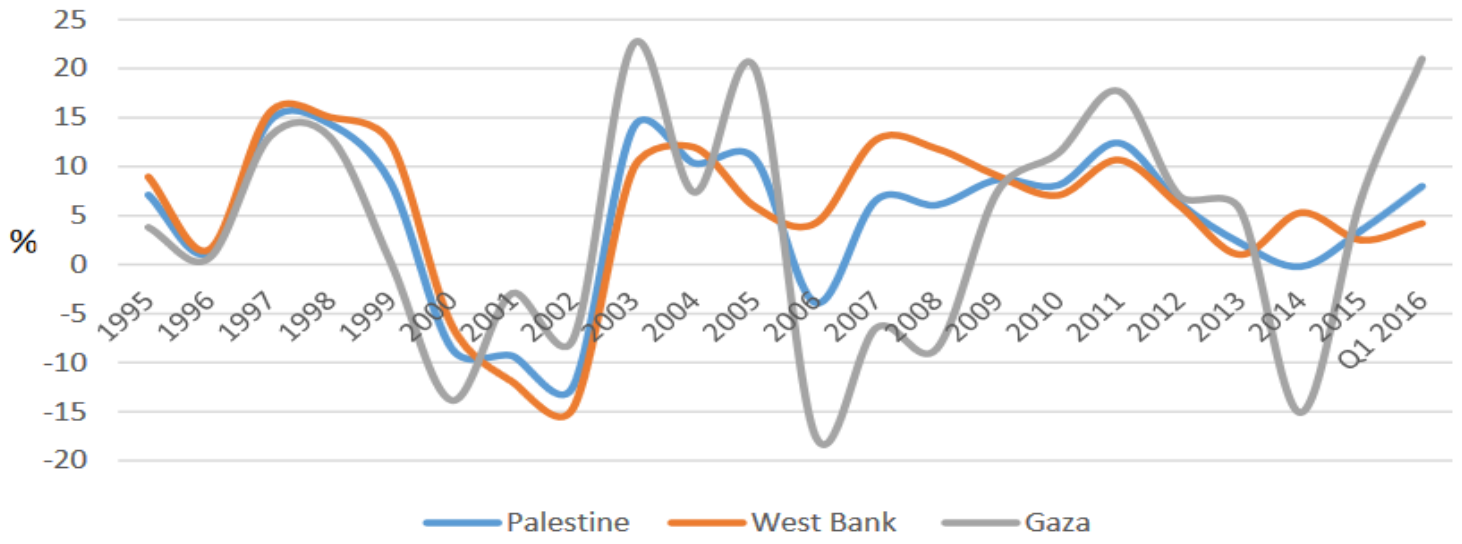


- Youth in the Palestinian territories face particularly high rates of unemployment. 40.7 percent of all youth (aged 15-24) in the labor market were unemployed in 2015. At the same time, informality has been on the rise, reaching 60 percent of the workforce in 2014

CONTEXT

- Unemployment has been undermined by years of volatile economic growth due to the political ongoing situation

Real GDP growth rates: West Bank and Gaza, 1995–Q1 2016

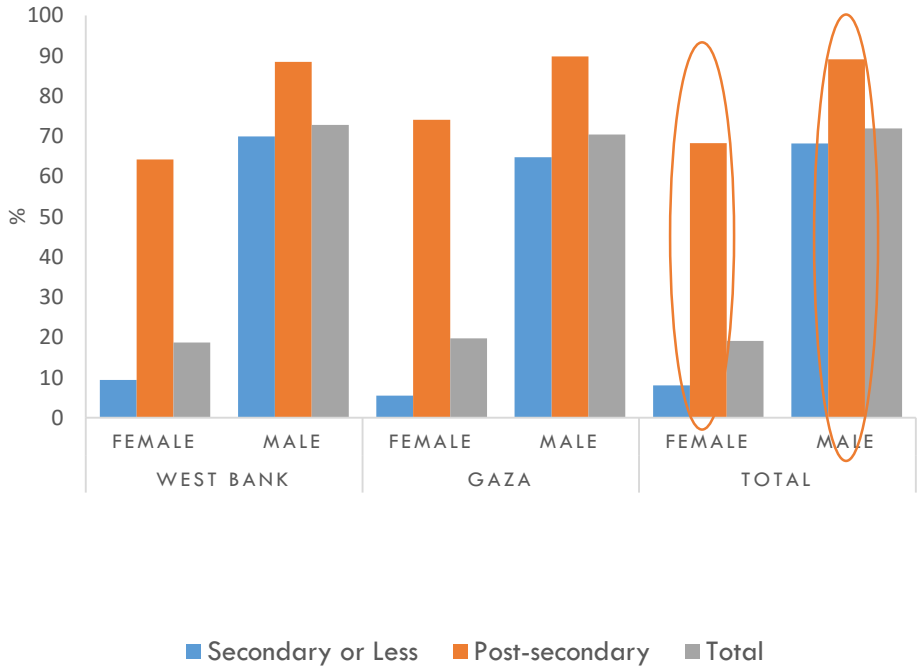


- Private sector investment remains low and is concentrated in low-productivity sectors that are far from sufficient to fuel adequate rates of economic growth, job creation, and reductions in unemployment

RESEARCH QUESTION

While limited job opportunities affect everybody, a striking feature of the labor market is the significantly higher rate of unemployment among post secondary educated (i.e. skilled) women relative to skilled men, despite both groups joining the labor market in comparable numbers

Labor Force Participation by Education and Region, 2015



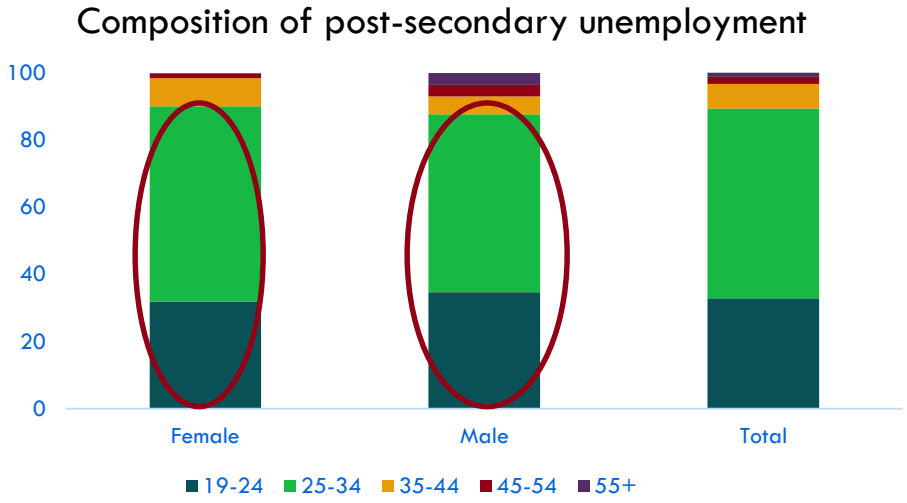
Unemployment Rate by Region and Sex, 2015

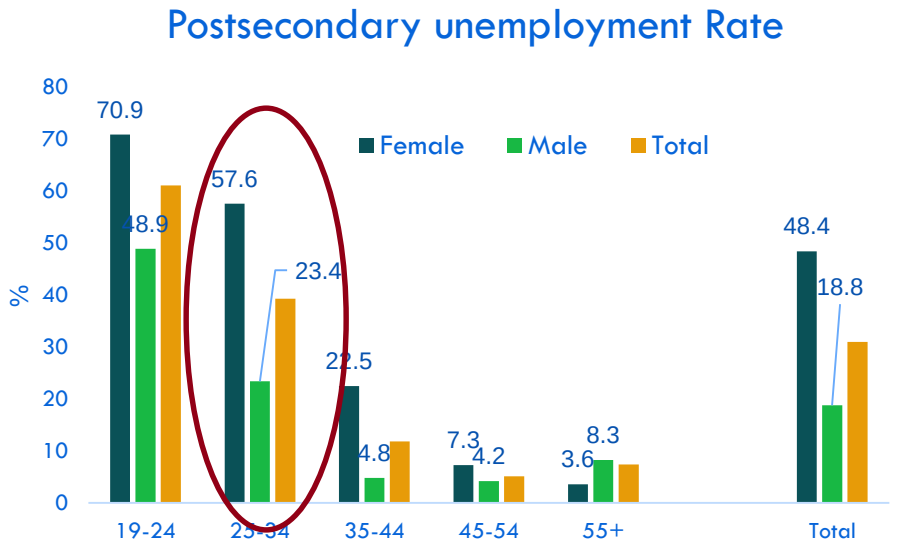


UNEMPLOYMENT RATE AMONG SKILLED WOMEN IS MOSTLY CONCENTRATED AMONG YOUNG GRADUATES

- A look at the composition of post-secondary unemployment by age indicates that that both young men and women in Palestine have a difficult time in transitioning from higher education into the labor market

- However that transition from education to employment begins earlier for young educated men than it does for young educated women as evident by much higher female unemployment rates (**UR for post secondary educated women aged 25-34 is 57.6 percent compared to 23.4 percent among post secondary educated men aged 25-34)**





METHODOLOGY

- Microdata from both demand and supply side surveys:
  1. Time-series Labor Force Surveys (LFS): 2012, 2013, 2014 and 2015
  2. School to Work Transition Survey (SWTS) 2015
  3. World Bank Enterprise Survey 2013
  4. Palestine Expenditure and Consumption Survey (PECS) 2009

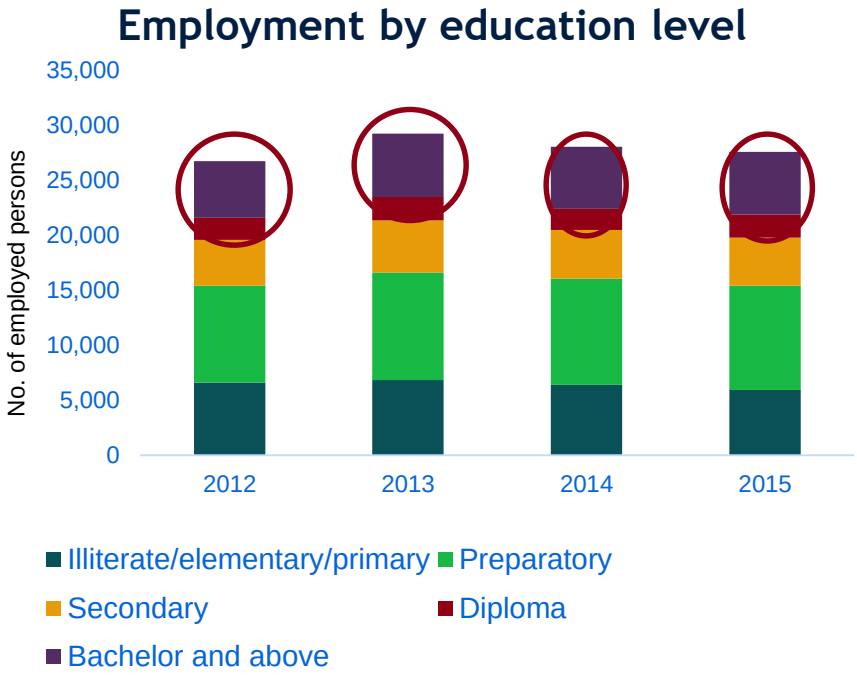
- Focus group discussions and in-depth interviews:
  1. 16 FGDs with employed and unemployed skilled males and females
  2. 30 in-depth interviews with employers
  3. Seven in-depth interviews with labor market experts

- A review of the legal provisions for women to explore the degree to which women have access to institutions and markets:
  1. Women, business, and law database (2016)
  2. Doing Business indicators (2017)
  3. Global Entrepreneurship Monitor, 2010

CONSTRAINT 1: THE RELATIVE DEMAND FOR SKILLED JOBS DECLINED, FORCING WOMEN AND MEN TO COMPETE CLOSELY

- The demand for labor is mostly concentrated among holders of secondary education or lower, and there have hardly been any new jobs created for university graduates

- Skilled men and women look for similar profile of jobs: The majority want to work in the public sector, followed by the formal private sector. in 2015 only 4 percent of employed skilled females and 11 percent of employed skilled males worked in an informal firm



- **Given the scarcity of good quality jobs, skilled men appear to have the advantage over skilled women when they compete directly because they are viewed as the bread winners of their families, and thus more deserving of jobs**
- **And skilled men appear more willing or able to work in low skilled occupations than skilled women:**
  - 32 percent of skilled men work in low skilled occupations (i.e. occupations that require only a secondary education or less), compared to 8 percent of skilled females

CONSTRAINT 2: IT APPEARS THAT WOMEN MAY NOT COMPETE DIRECTLY WITH MEN. THEY FACE FAR LESS JOB OPTIONS THAN MEN

- Only 36 percent of employees in the formal private sector are skilled women, compared to 64 percent of skilled men

- The percentage of full-time female workers in in medium-sized enterprises in the private sector was only 2.9 percent in 2013

- Three industries alone (education; human health and social work activities; and public administration) account for **78.6** percent of skilled female employment. In comparison, the top three industries for male skilled workers (public administration and defense including compulsory social security; education; and wholesale and retail trade) account for **58.1** percent of their employment

- Partly In response to the available types of occupations, women tend to study fields geared towards public sector employment and focus on social sciences and humanities.
  - In 2015, 26.1 percent of women graduates received a teacher training degree Skilled males study teacher training in lesser numbers, while they study other fields in higher numbers, namely law, architecture & building, computing, and engineering

What constrains the job options of skilled women relative to men?

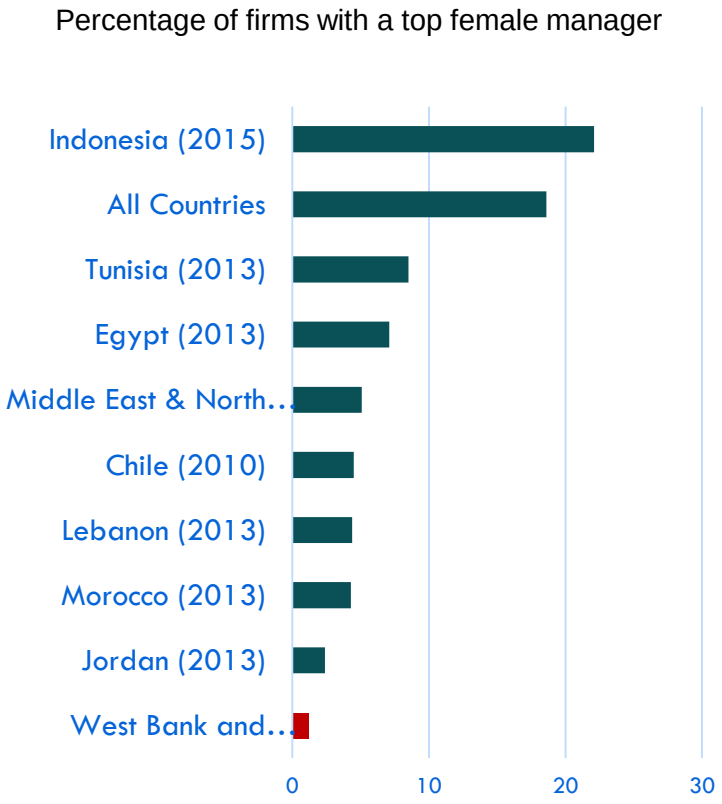
CONSTRAINT 2.1. LEGISLATIONS AND REGULATIONS THAT LIMIT WOMEN'S CHOICES IN CAREERS, SECTORS, AND OCCUPATIONS

- Provisions where the law does not apply equally for married women and married men
  - These include the ability to get a job without permission, and the freedom to travel outside the home. This limits women's autonomy and movement and makes it more difficult to join the workforce
- The absence of regulations for better access to comprehensive and affordable, child care that could free up women's time to work and compete in the jobs market
  - One skilled woman explained the reason behind why teaching remains the preferred profession for women, "*the mother finishes her work with the end of the school day. They [mother and child/children] return home at the same time*"
- Employer-paid maternity benefits, with no mandated paternal benefits, raising the costs on firms and discouraging them from hiring females
- The absence of workforce protection provisions that safeguard against implicit and explicit forms of discrimination at the workplace, especially in small and less private traditional offices
  - Denying women jobs due to family circumstances, such as being married or being pregnant results in no legal action
- The absence of measures against sexual harassment in the workforce from legislation, civil remedies, and criminal penalties, presenting an additional deterrent for women to accept jobs in the small private sector
  - A representative from Women's Affairs Center noted, *"there is no prosecution of perpetrators of harassment even if a video exists about the incident. The man will be punished by a simple thing, while the woman will be socially destroyed either at work or in the community"*

CONSTRAINT 2.2. POSSIBLE DISCRIMINATION IN THE PRIVATE SECTOR

- In 2013, the percentage of females who became top managers in the manufacturing, retail, and non-retail services sectors in the formal private sector was only 1.2 percent, compared to an average of 5.1 percent for MENA and 19 percent globally

- The existence of some biases and prejudices against women in the workforce may promote vertical segregation. Some private employers feared that maternity may interrupt women's employment, and held strong opinions about the reliability, productivity, and commitment of females in the workplace given their competing demands at home
  - *"women have an inability to stay late at work, or do not have flexible working hours as they have their priorities at home"*
  - *""The motivation of females is lower, in terms of personal motivation and eagerness"*



CONSTRAINT 2.2. POSSIBLE DISCRIMINATION IN THE PRIVATE SECTOR

- Discrimination can potentially also result in a large gender wage gap in the private sector, which may discourage women from seeking employment there

- In 2015, there was a large unexplained wage gap that ranges between 68 and 76 percent and that is independent of human capital endowments and labor market experience. This means that if a Palestinian female worker were to be compensated as equally as her male counterpart, she would earn between 68 to 76 percent more than she currently does in the private sector

	Specification 1		Specification 2	
	Coefficient	Std. Err.	Coefficient	Std. Err.
Panel A. Decomposition of mean hourly wages				
Average hourly wages for males	9.93***	0.08	9.93***	0.08
Average hourly wages for females	6.43***	0.13	6.43***	0.13
Difference in hourly wage between males and females	1.54***	0.03	1.54***	0.03
…due to differences in endowments (explained)	0.88***	0.01	0.92***	0.02
…due to differences in returns to those endowments (unexplained)	1.76***	0.04	1.68***	0.03

CONSTRAINT 2.3. LACK OF SAFETY TO COMMUTE GIVEN THE ISRAELI OCCUPATION, AND LACK OF RELIABLE TRANSPORTATION

- In 2015, only 13 percent of skilled females worked in districts outside of where they live, compared to 22 percent of skilled males

- Many skilled females from discussions reported an increased sense of humiliation and fear at checkpoints due to invasive search procedures (such as being asked to strip, or going through a full-body X-ray machine) and the long waits in tight spaces with large numbers of men

- "*If you are an employer and you have a choice between employing a male or female graduate-you'll take the male. If both have to travel through a checkpoint to get to your office-you are better off taking the man. His family won't mind him staying after hours to finish work, but for the woman-staying late, returning home through the checkpoint, her family won't accept it. They'll create problems. She'll have to leave on time, if not before time. Businesses cannot operate unless their employees are flexible*". One female chief executive officer (CEO) in the West Bank

- Lack of a reliable public transportation system that can enable women to move freely and safely, when working late, without spurring concerns from other figures of the household. *"Sometimes there are late meetings and, as I am from a village, society does not allow me to go to attend."*

CONSTRAINT 2.4. SOCIAL NORMS AS A FUNCTION OF WHAT IS VIEWED AS SOCIALLY APPROPRIATE

- Skilled women highlight the importance of flexible working hours and their responsibility to the household as factors limiting their ability to work in some occupations/industries as well as driving their preference for public sector jobs

- "*Sometimes time is an obstacle to working women...I got several jobs but for late hours till 4pm or 5pm. This creates difficulties to provide time for both my work and my home, therefore I tried to find a job with working hours that end at 1:30pm or 2pm*"

- Other barriers, such as lack of agency in choosing field of study, and societal norms that may restrict mobility due to the potential for gossip may be factors limiting skilled women's options for employment to few sectors, mostly in the public sector

CONSTRAINT 2.5. UNABLE TO ACCESS JOBS THAT ARE MALE-DOMINATED DUE TO WEAK SIGNALING AND INFORMATION ASYMMETRY

- Because of skilled women's limited presence in male-dominated sectors and occupations, employers may lack information about their performance, making it difficult to adequately form expectations about their productivity (i.e. what is called statistical discrimination).

- This is exacerbated by the fact that female job seekers may not be able to signal own skills and competence to employers, particularly as many of them study fields geared towards public sector employment that tend to be theoretical in nature, without applied knowledge and professional tools.

- Employers in the private sector, particularly in small firms, may lack a credible screening mechanism to find employees due to potentially high search costs. As a result, they rely instead on informal networks that skilled females could be excluded from

- "*When we need workers, we ask our current employees to bring their relatives or friends to work with us, as they are immediately available*" Gaza-based employer

CONSTRAINT 2.6. FEMALE ENTREPRENEURS FACE MORE CONSTRAINTS THAN THEIR MALE COUNTERPARTS

- Entrepreneurship represents an alternative economic activity for skilled women when wage employment options are limited

- In 2015, only 1.7 percent of skilled females indicated that they were employers, and in 2010, only 7 percent of women became entrepreneurs with businesses aged 3 years or younger, compared to 14 percent of men

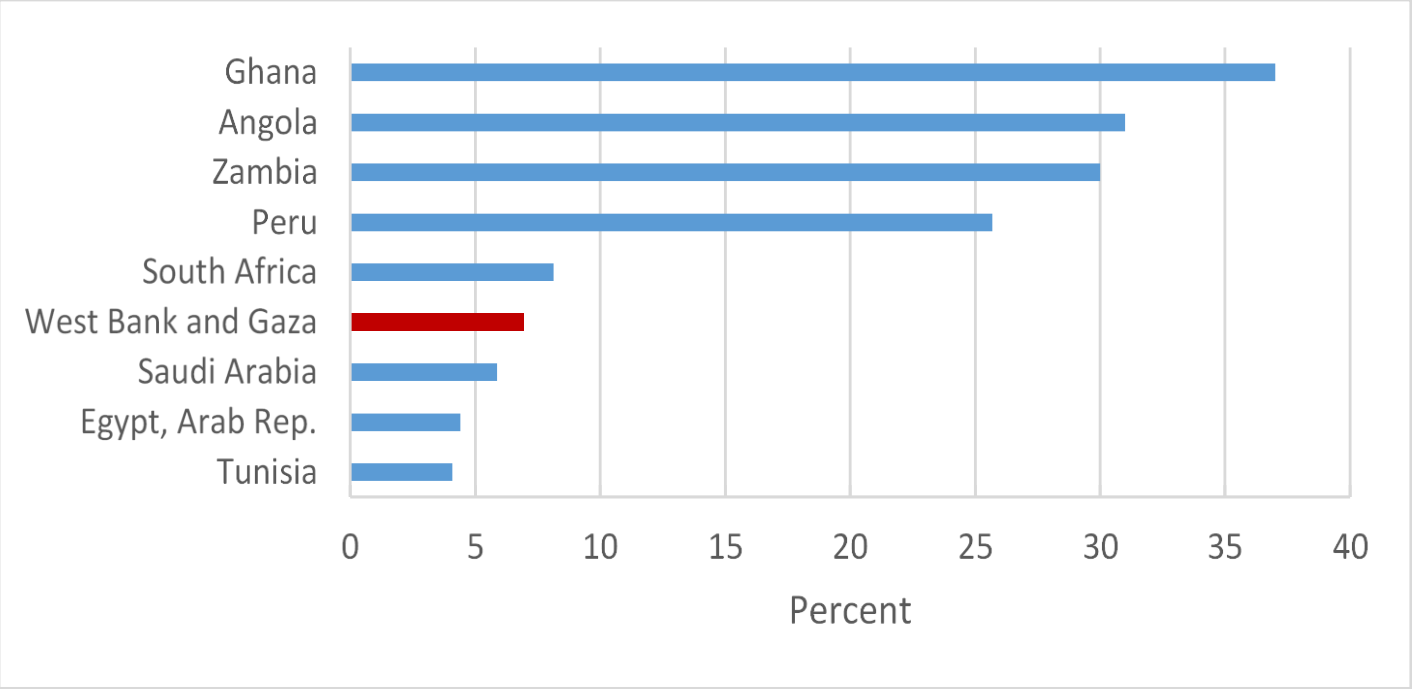
- Social norms add significant constraints on skilled females aiming to become entrepreneurs. These include the uncertainty surrounding young businesses, which means that entrepreneurs may have to work late or chaotic hours, lack of encouragement and prejudices by family members leading to risk aversion and the fear of failure

- Social norms often place the male family members as the head of household responsible for all financial activities. In 2014, 21 percent of females aged 15 and above had an account at a financial institution, compared to 27 percent of males

- Even as the law maintains that both women and men have equal ownership rights to property, women own less land or property, limiting their ability to offer collateral to secure credit

CONSTRAINT 2.6. FEMALE ENTREPRENEURS FACE MORE CONSTRAINTS THAN THEIR MALE COUNTERPARTS

Percentage of females with young businesses: selected economies, 2010



Source: London Business School 2010.

POLICY RECOMMENDATIONS TO ALLEVIATE IDENTIFIED CONSTRAINTS

- Some constraints, particularly those related to the limited availability of jobs suitable for the high-skilled, are unlikely to significantly ease without a change in the political situation

- However, important constraints at the microeconomic level can be eased. Some are amenable to immediate recommendations that can be prioritized **in the short term**. For others, reforms **made in the medium term** are more appropriate

- Some of the recommendations specifically target skilled females, while others can be applied to all women, and thus they have the added value of encouraging labor force participation and raising activity rates among other groups of women

SHORT-TERM POLICY RECOMMENDATIONS

- **Support entrepreneurship and microwork among skilled women, building on the current successful initiatives:**
  - Microwork and e-lancing (virtual freelancing), where skilled females can access regional and global markets from home. Typical microtasks include market research, information gathering, data input, data verification, proofreading, translation, copyediting, and graphic design
  - Teleworking and working from home for mothers: set up platforms to generate income and cultivate entrepreneurship through home-based activities
  - Support start-ups that employ a large share of women, especially in industries with high potential for growth (e.g. the example of Gaza sky Geeks in the tech industry)
  - Focus on building entrepreneurial, business, and leadership skills for women to boost confidence and aspirations (e.g. the Mini MBA Program)
  - Target males to raise awareness and build an entrepreneurial culture to correct some of the misplaced perceptions against female entrepreneurship

SHORT-TERM POLICY RECOMMENDATIONS

- **Strengthen labor market intermediation services :**
  - Implement active labor market programs such as on-the-job training and internships. Both can also provide a credible signal to employers and challenge some of their perceptions about women's productivity, and can help women acquire knowledge and skills demanded by employers
  - Improve job search assistance services between skilled female workers and firms (e.g. training, job placement, providing information about wages and qualifications for a given occupation or sector, administering psychometrics and skills-based tests as a matching service to signal competence to employers)

- **Develop a demand-driven skills training and certification system, with the involvement of firms and training providers, to further support matching young female workers with firms and overcome information problems:**
  - Certification could be conducted according to developed competency-based standards in key sectors and occupation. This effort could be complemented with an accreditation system for training institutions. This could be financed via targeted subsidies to support women's training and transition into the labor market

SHORT-TERM POLICY RECOMMENDATIONS

Much of the perceived discrimination and existing biases make it hard to change societal norms. This continues to reinforce attitudes in favor of public sector employment and segregating women into fields and occupations viewed by family members as offering women the only options for “decent” and “safe” jobs

- **Create and support an enabling environment in the private sector for safe and decent work for all women**
  - Implement national communication strategies that reduce biases and stereotypes in society
  - Implement targeted strategies to change (male) behavior in the private sector (e.g. champion leadership on gender issues through sponsorship, robust talent management, and the targeted search for female candidates for senior executive positions)
  - Create safe spaces for women to work away from harassment and fear of reprisals (e.g. institutionalizing report cards in the workplace)
  - Assess public transportation options (e.g. female-only buses)

MEDIUM-TERM POLICY RECOMMENDATIONS

Social norms and beliefs about who does housework and provides child care within the home are deeply rooted. Rather than trying to change those norms, it is important to introduce policies and labor regulations that work around them. Such policies need to ensure that women are supported in taking on competitive and productive jobs despite their responsibilities at home

- **Reform gender-based laws that limit women's choices in careers, sectors, and occupations:**
  - Revisit legal workforce protection provisions that discriminate based on sex and may strengthen prejudices by employers
  - Introduce legislation against sexual harassment in the workforce that deems it a criminal act and allows women to prosecute claims in court
  - Address legal bottlenecks that limit access to economic opportunities for married women and limit their autonomy to work effectively, particularly in requiring permission for getting a job and for traveling outside home

MEDIUM-TERM POLICY RECOMMENDATIONS

- **Reform labor regulations to maintain incentives to hire women and for women to accept private sector jobs**
  - Reform employer-paid maternity leave policies (e.g. The new private sector social security system, signed into law in March 2016, covers maternity benefits through the social security fund; workers and employers would make contributions of 7.7 percent and 10.4 percent, respectively)
  - Design parental leave policies, which will likely reduce employers' reluctance to hire women because men would also have a right to paid leave
  - Provide affordable and accessible quality child care services (e.g. provision either through the private sector or nongovernmental organizations, usually with public subsidies and regulations). Community child care centers or employer-provided daycare centers in areas where many employers are clustered may also be an option

THANK YOU!



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