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**Pathways out of poverty: micro-entrepreneurship among
low-income women in Israel**

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Abstract

Bottom-up responses to the neo-liberal shift in post-industrialized countries have included a variety of innovative paths to help people earn a living while mobilizing communal support networks. One of the most popular strategies for addressing gender inequalities and fostering sustainable development has been micro-entrepreneurship. This paper presents the case of micro-entrepreneurship among low-income women in Israel, of diverse ethnic, national, and religious backgrounds. It is based on a longitudinal evaluation research, which included participant observations in an economic empowerment course and an incubator for micro-businesses, focus groups, structured interviews and collection of life histories.

The analysis examines the influence of converting domestic work into income-generating activities on the positioning of low-income women in the public domain. It is argued that the re-framing of women's work through business training improves their chances of civic inclusion. They undergo economic and general empowerment and, as a result, manage to move out of the shadowy sphere of unrecognized domestic labor, where they are regarded as "non-working" to the reputable sphere of "working" women. This transformation potentially gives them presence, respect, and legitimacy in the eyes of their family members and state agents alike. Concomitantly, as their skills and capabilities gradually become recognized, they shed the stigma of "problem subjects" and start developing a sense of entitlement of "productive citizens". However, this journey from the margins closer to the core of the community of citizens entails some inherent paradoxes.

An ethnographic investigation reveals the subtleties that accompany the instilling of a liberal self-made woman ethos in members of groups that suffer *structural* exclusion on ethnic/racial, class, and gender backgrounds. It facilitates a

glance into the technologies of self-governmentality that accompany the process of women's economic empowerment, who walk the uncertain road out of their marginalization, only to become more adept at the capitalistic work ethics that justified their initial exclusion.

Lastly, the implications of this aspect of micro-entrepreneurship schemes for policies of community economic development are considered. Particular attention is paid to the tension between an ethic of social change and a cost-effectiveness ethic of economic sustainability that characterizes such projects.

Introduction

Bottom-up responses to the neo-liberal shift in post-industrialized countries have included a variety of innovative paths to help people earn a living while mobilizing communal support networks. One of the most popular strategies for addressing gender inequalities and fostering sustainable development has been micro-entrepreneurship. This paper presents the case of micro-entrepreneurship among low-income women in Israel, of diverse ethnic, national, and religious backgrounds.

Methodology

EEW: The paper is based on a longitudinal evaluation research of a micro-entrepreneurship project that is run by an NGO called Economic Empowerment for Women (EEW). EEW was established in 1997 by feminist activists who decided to work toward improving women's economic prospects, particularly among members of marginalized groups. Its main project, and the one I have been studying, is called "A

business of your own". It consists of a year-long business training and economic empowerment course, at the end of which women who become financially active may obtain a small loan of about €300, which is facilitated and managed by EEW, and are eligible to receive subsidized individual business consulting. Various groups operate simultaneously throughout the country, so that by the end of 2007 the total number of graduates was about 1,200 women. Notably, EEW also runs a variety of other projects but I will not detail them here because of time constraints.

The research: For three and a half years, between 2002 and 2006, I conducted an evaluation study of "A business of your own", among 15 groups of EEW clients, the majority of whom were welfare recipients. The sample totaled 239 women of diverse ethnic, national, and religious backgrounds. I used mixed quantitative and qualitative methods. Research instruments included two rounds of questionnaires with the full sample, one shortly after the women joined the course and a follow-up questionnaire a year later, participant observations in two courses, one in Arabic and one in Hebrew, four focus groups, 63 in-depth interviews with course graduates, and 16 interviews with professionals and EEW employees.

Quantitative Findings

The vast majority of the businesses that were opened focused on women's traditional skills. In descending order of frequency, businesses tended to be in the following branches: food, sewing and mending, child care, cosmetics and hairdressing, alternative medicine, artworks and jewelry, and shops (gifts, clothes, kiosks or grocery shops). Smaller numbers of businesses included after-school

activities or tutoring, and there were also individual cases of women who did ironing, carpet cleaning, car washing, or wedding photography.

In terms of the main goal of getting low-income women into business entrepreneurship, the project's success rate is not bad, in a cross-national comparison. Notably, in this respect, the results are given to some interpretation, as women who start selling their products or services do not necessarily think of themselves as "business owners". When asked directly whether they opened a business, **a quarter** of the women answered affirmatively. However, a more sensitive measurement reveals higher rates of business involvement. Following the aforementioned direct question, the women were asked about five indicators of business activity, namely if they had a product or a service that they were selling, if they set a price for it, if they charged for it, if they had prepared a room for their activity, and if they purchased equipment. All these questions were answered positively by **more than a third** of the participants. In fact, 19% of the women who answered negatively on the first question – that they did *not* have a business – answered affirmatively on all five indicators of business activity, which testifies to the women's inhibition in defining themselves as business owners even after they actually get started. Such inhibition is partly explained by a tendency, among some, to avoid registering their businesses for fear of losing their social benefits. But beyond the problem of legal registration, the gap indicates an image barrier, as the declaration that one has started one's own business entails a combined sense of responsibility and entitlement to make money which, as I argue below, are culturally illegitimate among low-income women.

In contrast to the relatively high number of businesses, the income and profit levels tended to range between low and very low: 34% of the women did not answer the question whether their business generated income; 38% reported that they had

profits; 24% said that it was not making any profit but nor was it losing; and 4% reported that they were losing money. The common income was NIS 4,000 (€720) and the common profit was NIS 3,000 (€540), which is slightly lower than the official minimum wage in Israel. Notwithstanding these low figures, the businesses still increase the overall low family income significantly. This was particularly salient among Arab women who opened businesses. Although, as shown, relatively fewer Arab women managed to open a business, their profit and income levels actually tended to be higher than those of Jewish women. Add to this that the Arab families who participated in the study tended to be poorer, and the potential contribution to poverty alleviation of a business, small and fragile as it may be, can hardly be exaggerated.

Qualitative Findings

Moving now to some insights from the qualitative data, the most prominent finding is that the women who participated in the project reported experiencing a tremendous sense of empowerment. Indeed, micro-entrepreneurship projects are generally geared toward empowerment, yet activists and professionals disagree on whether it is expected to occur automatically as a result of rising earnings or, on the contrary, it is a precondition that needs to be intentionally cultivated to achieve a financial breakthrough. I am of the latter opinion, although I see a mutual influence between economic success and general empowerment. My own research and that of others (e.g., Krumer-Nevo 2006) show that women in poverty are highly susceptible to a life of pain, trauma and oppression. Concomitantly, their responses to the dynamic part of the project, namely to the workshops given during the course and in subsequent study days, were overwhelming, as they reported undergoing profound

experiences of healing and growth. In the group dynamics, the women addressed a wide array of topics, from articulating incidents of victimization in their past and present, through developing a sense of entitlement to earn money and respect, to improving their maintenance of interpersonal boundaries or developing their time-management skills. The women tended to dive into these workshops head on, amazed and relieved to discover their seemingly lonely experiences being named and shared by others. Quite a few participants subsequently took life-changing steps, notably by terminating long-lasting oppressive relationships. While such steps were not necessarily economic in nature, they were nevertheless crucial in allowing the women to channel their energies more effectively into income generating activities, be it through business entrepreneurship or through negotiating better positions as hired employees, and to obtain a sense of entitlement to a better life. Importantly, empowerment applied to much larger numbers than the approximately one third who took practical steps in the direction of business entrepreneurship.

Discussion: the significance of empowerment and some inherent paradoxes

The women's overwhelming sense of empowerment testifies that beyond the direct goal of improving their economic situation, the project provides an opportunity for enhancing their *civil* participation. Presumably, becoming productive, self-sufficient subjects will pull themselves out of the stigmatic position of "not-working", hence of passive or deficient members of the community. As their skills and capabilities gradually become recognized they shed the stigma of "problem subjects" and start developing a sense of entitlement which is normatively expected of "productive citizens". Ironically though, the subtleties of instilling a liberal self-made-woman ethos in members of groups that suffer *structural* exclusion include an array

of normalizing practices, which in effect reinforce their initial stigmatization. Through their involvement in the project the women learn technologies of self-governmentality, such as writing a business plan, producing and supervising their own workday routine, or marketing themselves. They likewise learn to adopt a new subject position in their negotiations with state authorities. As they shift from being patients of the welfare system to being clients of the tax authorities, they are required to drop the submissive position of deficient subjects and replace it with that of accountable citizens. For the women, therefore, taking the uncertain road out of their marginalization means that they in effect become more adept at the capitalistic work ethic that justified their initial exclusion.

Another paradox lies at the intersection of gender and class. An underlying rationale of micro-entrepreneurship projects is that historically, women have always engaged in productive work and have had good saving and budget-management skills. These skills tend to disappear or become irrelevant with the expansion of capitalist economy, as the modern "domestic sphere" shrinks and loses much of its economic autonomy to "public" forms of employment and financial practices. New gender contracts now articulate the respective contribution of men and women, so that normative modern femininity focuses increasingly on care-work and relegates financial responsibilities to men. Although women do participate in contemporary work forces, Fordist and more recently post-Fordist systems are premised on a gender division of labor that locks them in the position of primary caretakers and *secondary* breadwinners (Gottfried 2000, Lewis and Smithson 2007), so that their work is legitimate only as long as they manage to fulfill their major home-making and motherly responsibilities, either directly or through the labor of poorer women. Hence while women are trained to work and earn money, they at the same time learn to

channel their *desire* toward forging intimate relationships with men who will support them, and away from taking primary breadwinning responsibility. Such an ideal type, of course, is class specific: lower-class men can hardly earn enough to support a family on their salary alone, and therefore lower-class women can hardly manage to rely on a man to support them so that they will be able to afford "not to work".

With this background, the attempt of micro-entrepreneurship, as a strategy for social change, to empower women by resuscitating their bygone economic knowledge and re-integrating it into contemporary economic structures, is a tricky project. To bring their domestic skills up to scratch and make them profitable, women need simultaneously to unlearn their "modern" financial ignorance and to acquire other modern skills, such as rational planning, marketing, and bureaucratic and financial literacy, which are embedded in cultural attitudes that denigrate traditional feminine knowledge as unsophisticated. So it happens that notwithstanding the romantic notion of reinvigorating traditional feminine knowledge, success in the public business arena, as distinct from the informal domestic economy, necessitates a particular "modern" cultural competence, which entails a normative femininity that is at once autonomous and economically dependent.

Summary and Conclusion

Success: In the project that I studied, micro-entrepreneurship emerged as an advantageous poverty-alleviation strategy. In quantitative measurements, the number of businesses that were opened was relatively high and the income that they generated, though hardly exceeding and often falling below the minimum wage, nevertheless made a significant contribution to the women's domestic economies. In

qualitative terms too, the project may be regarded as successful as the participants, including a large majority who did not become entrepreneurs, underwent significant experiences of growth and empowerment. I have argued that empowerment is crucial for low-income and minority women who attempt to operate successfully against multiple exclusions. In contrast to the prevalent position among some micro-finance professionals that the very act of earning money is empowering, I have contended that empowerment should be treated as at once an end-result and a condition for business success among low-income women. Because entrepreneurship is extremely energy-consuming, and because in the case of such women the already tough business arena is replete with multiple forms of structural aggression (Farmer 2004), they must acquire a new sense of worth and entitlement, and these cannot be expected to emerge spontaneously.

Empowerment as process: The finding that more than 70% of the participants testified to having undergone meaningful empowerment, and the overwhelming responses of women who described their participation in the project as a life-changing experience, suggest that evaluating such projects should take into consideration not only the end-result but the process as well. Evaluation studies, moreover, need to anticipate a delayed response among some of the participants, who must heal or change their life circumstances before they can take practical economic steps. Thinking about economic empowerment schemes in terms of ongoing *processes*, not just the end results, has implications also for the concept of sustainability. It entails forfeiting the expectation that such projects will become economically sustainable within a set period of time, and replacing a mechanical notion of sustainability with a more dynamic one, which acknowledges the need for

long-term holistic support to enable the women to work more effectively in the face of structural barriers and aggressions.

Ironies: Finally, notwithstanding the promising prospects, I have argued that projects of the kind studied here also entail some inherent ironies. The women in question are expected to revive "traditional" feminine skills of productive work, savings, and spontaneous economic sagacity. Yet their class position makes this an impossible mission. Because class is inextricably entwined with ethnic, national, or race marking, moving up the class ladder entails changing position also along the ethnic ladder (see, e.g., Ong 2003, Sa'ar 2005) through adopting higher profile cultural skills and consciousness. In this respect, "traditional" feminine skills, as much as they may seem romantic from an intellectual point of view, are in effect culturally tainted because they stand in the way of "white" middle class modernity that is itself fraught with contradictions. I mentioned two such contradictions: a. the women are expected to acquire a business literacy that is anchored to the liberal ethos of self-making through self-discipline, which is premised on otherizing people like themselves. b. The images of middle-class femininity that supposedly mark their destination are made possible due to the unrecognized labor of women like themselves. Therefore "success", if and when achieved, is invariably imbued with an element of self-negation.

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