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For legal aid and human rights

Challenges facing Women's Home-Based Businesses in Jordan

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Summary

Recently, interest in Home Based Businesses (HBBs) has increased, especially for women seeking employment who consider such projects an excellent opportunity to secure their income and provide for themselves and their families. These projects were looked upon as an alternative due to the lack of available work opportunities in the labour market and the wage gap between women and men.

Despite the increase in the number of HBBs, Tamkeen for Legal Aid and Human Rights noted that most of them are in the informal economy because they are not officially registered. Therefore, this paper will highlight the challenges that have resulted in women not registering their projects.

The paper is based on the focus group discussions that Tamkeen's team of community facilitators has conducted with women in the northern and central governorates of the kingdom, as well as the accompaniments it made to women wishing to register their projects.

Introduction

Women's participation rate in the Jordanian labour market remains one of the lowest in the world, as confirmed by World Bank figures. These numbers show that women's participation in Jordan's workforce stands at 15%.[1] As a result, Jordan is currently ranked ١٣٨ out of ١٥٣ countries in the World Economic Forum Global Gender Gap Index of 2020.[2]

The above is further confirmed by the available national data as the Employment Report for the fourth quarter of 2020 issued by the Department of Statistics indicated that the female unemployment rate reached 32.8%. This is an increase of 8.7% compared with the fourth quarter of 2019. Meanwhile, the revised economic participation rate was 33.4% (54.3% for males compared to 13.5% for females).[3]

There are many obstacles that contribute to women's low economic participation levels. They include the absence of a decent working environment, low wages, non-inclusion in the umbrella of social security, as well as various financial and social restrictions. There is also a lack of affordable and good quality day cares for children, as well as a lack of safe public transportation. Moreover, the market is unable to generate decent and suitable jobs for women.

This paper aims to shed light on the legal framework and legislation related to HBBs, before looking at their impact on Jordanian and Syrian women. Then, it will highlight the challenges that prevent women from registering their HBBs, as well as the obstacles that these women faced due to the COVID-19 pandemic.

1 World Bank, Economic Participation of Women in Iraq, Jordan, and Lebanon, 2020.
Available at: https://www.albankaldawli.org/ar/country/lebanon/publication/state-of-the-mashreq-womenn
2 http://www3.weforum.org/docs/WEF_GGGR_2020.pdf
3 http://dos.gov.jo/dos_home_a/main/archive/unemp/2020/Emp_Q4_2020.pdf

The Legal Framework for HBBs in Jordan

Over the years, women have found creative ways to overcome the many obstacles that they face in the Labour Market, whether those related to joining the market or finding a suitable job. One of these ways is the establishment of Home-Based Businesses, which allows them to work within flexible hours, and to balance between their social, domestic, economic, and professional responsibilities.

Numerous Jordanian and Syrian women have resorted to starting their own HBBs following their long journey of trying to look for a suitable job opportunity that is compatible with both their skills and their circumstances.

HBBs vary in their nature. Some of them fall under food production, where women make pickles or dairy products. Others fall under the beauty category, where women open a hair or make-up salon. A third category is home-made crafts, which include seamstress workshops, embroidery, antique and ceramics shops, among others.

Although these businesses became common in the Jordanian Labour Market in recent years, they have mostly remained on the periphery of the formal economy due to the lack of a legislative framework to regulate this type of businesses. In 2012, this loophole was addressed following the issuance of the Instructions to License Professions from within the Home of 2012.[4]

The Instructions allowed for the establishment of HBBs that work in 42 professions. These professions are divided into three groups:

1. The first is Intellectual, which includes professions related to consulting, architecture, interior design, public relations, secretarial work, research, and online sales and marketing services.
2. The second is Handicrafts, which includes tailoring, embroidery, candle-making, soap-making, and accessories.
3. The third is Food Processing, which includes cooking, preparation of jams, baking, pickling, as well as the processing of vegetables, herbs, and legumes.

The Municipality's Instructions require citizens who seek to issue the license to allocate no more than 15% of the total space of their house as a workspace, and that this space should not exceed 25 square meters. Moreover, they should not modify the exterior of the building or the house itself. The Municipality also forbade citizens from using their houses as a showroom for their product, whether for the purpose or presenting or their selling their products, and from hanging any advertisement banners on their buildings.

4 UNHCR. Syria Regional Refugee Response Inter-agency Information Sharing Portal.2017Available at: https://bit.ly/3xFvS3g

The Guidelines also stipulate that the chosen professions should not require the use of heavy equipment, manufacturing, or need services that would negatively impact your neighbours. These professions should also not use hazardous materials, negatively affect health and safety, or exceedingly utilise infrastructure services beyond the standard scope of residential use. Furthermore, these professions should not require the frequent coming and going of customers or repeated visits by clients.

It is noted that these guidelines were published following the onset of the Syrian Asylum Crisis, due to the additional importance that HBBs gained as Syrian women began establishing their own projects to secure their livelihood.

In order to facilitate the work of Syrian refugees in Jordan, the United Kingdom, Germany, Kuwait, Norway, and the United Nations organized the Supporting Syria and the Region conference in London in February of 2016.

The London Conference stipulated that Jordan would receive $1.7 billion in concessional financial support for its National Response Plan for the Syrian Refugees Crisis, as well as pledges from the European Union of concessions that will simplify the rules of origin to export to the European market.[5]

The plan, known as the Jordan Compact, also included core livelihood commitments made by the Jordanian Government, which were as follows:

The Government of Jordan will undertake the necessary administrative changes to allow Syrian refugees to apply for work permits both inside and outside of the zones, and provide work permits for up to 200,000 Syrian refugees.

The Government of Jordan intends, as a pilot, to designate five development zones and provide these with maximum incentives under the new investment law.

Syrian refugees will be allowed to formalise their existing businesses and to set up new, tax-generating businesses.

As highlighted above, the third commitment in the Compact focused on allowing Syrian refugees to formalise their existing businesses and establish new companies. It was hoped that these facilitations would allow more Syrians to enter the labour market. Specifically, these facilitations were intended to provide Syrian women with job opportunities through opening their own HBBs, especially since they represented 49% of registered Syrian refugees in Jordan, many of whom were responsible for supporting their families.

After the conference, the Jordanian government, represented by the Ministry of Industry,

5 UNHCR. Syria Regional Refugee Response Inter-Agency Information Sharing Portal. 2017 Available at: data.unhcr.org/syrianrefugees/regional.php

Trade and Supply, the Ministry of Municipal Affairs, and the Greater Amman Municipality, worked on implementing these commitments. Therefore, special instructions were issued to license HBBs within the boundaries of the Great Amman area for 2017, based on article 5 and 6 of the Occupation Licenses Law for the City of Amman Law No. (20) for the year 1985, and Article (28) of the System of Buildings and Planning for the city of Amman No. (67) for the year 1979.[6]

The instructions to license HBBs aimed at allowing workers who were working informally to formalise their projects, while also providing new employment opportunities for youth, new graduates, housewives, the unemployed, as well as persons with disabilities whose circumstances do not allow them to work outside the home.

Accordingly, 71 professions were covered under these instructions and allowed to issue licenses to launch their HBBs. These professions were divided into four categories: Intellectual, Handicrafts, Food Processing, and Domestic Services.

Moreover, the Jordanian government took a series of measures to stimulate and raise awareness among citizens of the importance of legalizing and registering their HBBs. These efforts included the extension of the scope of the instructions to include all governorates, instead of limiting it to Amman, as well as expanding the list of permitted activities.

Despite these attempts to formalise HBBs, there are still multiple issues, whether in relation to establishing these businesses or working in them. As a result, the number of registered businesses remains low, and its workers are unable to collaborate with other businesses and companies, which could allow them to expand their customer base outside their circle of family and friends. These workers are thus unable to increase their income, and they remain vulnerable to labor violations and fall outside the umbrella of social protection.

6 Instructions for the licensing of HBBs within the boundaries of the Great Amman area for 2017. Found online at: https://www.ammancity.gov.jo/site_doc/attch-983761.pdf (In Arabic)

Home-Based Businesses Registration: Changing Decisions and Complex Problems

The establishment of a business or a company is as complex as any other government procedure. The process includes various procedures, including the registration of an individual entity at the Directorate of Commercial Registry in the Ministry of Industry, Trade and Supply, or registering it as a company in the Department of Corporate Control, and finally, obtaining the professions license. It should be noted that the details of this procedure and the documents required vary according to the legal form of the business that you can register in Jordan:

1. Individual institution
2. Solidarity Company
3. Private Shareholding Companies (PSC)
4. Limited Liability companies (LLC)

The remaining registration procedures, whether the project is normal or based in a home, depend on its legal form, and the required documents and capital vary accordingly. In case the project being registered is an individual institution, for example, which is the simplest form and can be owned by an individual, the procedures include the application to acquire a professional trade permit before the Trade Register Controller in the Ministry or the Commercial Registry Secretary in governorates. These individuals should also confirm that they have the minimum capital to establish such businesses, which is JD 1,000.

In terms of HBBs, as noted above the first instructions for licensing these projects were issued in 2012 by the Greater Amman Municipality and were later amended in 2017. As for the instructions to license HBBs in the other governorates, they were issued in 2018.

The Instructions to License Home-Based Businesses of 2017 were issued based on articles (5) and (6) of the Professions Licensing Law for the Amman No. (20) of 1985 and its amendments. Article 5 of these instructions included the procedures that should be followed to obtain these licenses:

A. The application for a license is submitted to the Secretary on the form adopted for this purpose with the required documents and information.
B. The applicant must meet the requirements to obtain the license and is competent to engage in the profession in accordance with the Municipality's procedures.
C. The applicant must commit to allow the staff of the Municipality to carry out the necessary procedures to inspect the houses in accordance with licensing of similar professions in commercially regulated areas for the purpose of licensing and renewal and investigation of any possible complaint.

D. The license is not granted unless these following conditions are met:
   - The applicant should be a resident of the same house that will be licensed and provide proof of that.
   - The applicant must provide proof that s/he is the owner or the tenant of the house in which they intend to have their HBB. Otherwise, the applicant must provide proof that s/he is a member of the family that either owns or is renting the property. If the house is rented, the applicant must also attach the owner's written consent to use the house for the purposes of practicing the profession.
   - The applicant should not have issued another profession license.[7]

As for the instructions issued in 2018, they allowed for HBBs to be established inside camps and to work in all professions, including those that are normally closed for non-Jordanians. Meanwhile, for those residing outside camps, HBBs were limited to specific occupations in accordance with the instructions that were issued for these projects in Amman and in other municipalities, which are:

1. Food Processing
2. Handicrafts
3. Tailoring

The instructions also allowed Syrians who own and operate HBBs to maintain 100% ownership share, without the need for a Jordanian partner within the three above sectors, whether these projects where inside or outside the refugee camps. However, a Jordanian partner remained as a requirement in case the project was in other sectors.

However, the experience on the ground tells a different story based on several focus group discussions that Tamkeen organised with Jordanian and Syrian women. These women affirmed that the process to register HBBs entails multiple legal and tax obligations, as well as obtaining approvals from governmental entities and agreeing to undergo inspection visits by the municipality in accordance with the 2017 instructions, which stipulate in Article 10 that:

"The staff of the Municipality shall take the necessary measures to inspect the house for the purposes of completing the procedures for granting the license, renewal and investigation in the event of a complaint."[8]

7 Instructions for the licensing of HBBs within the boundaries of the Great Amman area for 2017. Found online at: https://www.ammancity.gov.jo/site_doc/attch-983761.pdf (In Arabic)

8 https://www.ammanchamber.org.jo/Uplaoded/5068.pdf

Syrian women who were present in these FGDs added that they were concerned that such requirements would exclude them from cash and non-monetary aid from international organizations or affect their resettlement opportunities in a third country.

In a meeting with UNHCR, Tamkeen highlighted several challenges that have prevented Syrians from registering their HBBs, including:

- The request that they have a valid passport.[9]
- Challenges related to the registration system, as it is programmed to accept Jordanian applications only.
- Homeowners of the houses where Syrians are renting refuse to provide their consent.
- Some requests were transferred to the General Intelligence Department; some applications were accepted; others were rejected without providing any justifications; while others took longer than expected to obtain approval.
- The requirement that businesses should be inspected by the General Food and Drug Administration.
- The list of licensed professions at the Greater Amman Municipality includes more allowed professions at home than the list at the Ministry of Municipal Affairs that is applied in other governorates.

There is also another set of challenges that are shared by both Syrians and Jordanians that have prevented them from registering their businesses and they include:[10]

- Municipal officials are not aware of the decisions that were made allowing for the licensing of HBBs. Additionally, some of them are afraid to approve such businesses.
- A fee of more than 350 JOD per year is imposed on the home business license, even though the booklet issued by the Amman Municipality stated that the fees are:
  - ► 10-40 JOD based on the capital.
  - ► 40 JOD for the issuance of the certificate and agency fees.
  - ► 40 JODs fees for the issuance of a registration certificate for the first time.
- Many home entrepreneurs have refused to license because of the annual taxes and periodic visits that are made by municipal health department inspectors, which are often carried out by a female employee to maintain the privacy of homes.
- Difficult conditions, including allocating only 15% of the house to be used for the business.

9 This one Condition is included in the Booklet that was published by GAM on the Registration of HBBs. Found at this link: https://bit.ly/2Q6wUC9 (In Arabic)

10 Based on the FGDs held by the Tamkeen field team with Jordanian and Syrian women on HBBs and why they did not register them

Below are the results of an accompaniment that was conducted by Tamkeen's field team with a woman in Sakib/Jerash to the municipality and the Chamber of Industry and Commerce.

- On 9/11/2020, the worker was accompanied to the municipality of Al Maarad in Sakib to help her register her HBB. However, the employee at the municipality asked for her passport number so he can add it to the form. The employee also added that the passport must be valid.
- In an attempt to facilitate the process, the employee provided us with an official letter from the municipality to the Chamber of Industry and Commerce. Later, when we visited the chamber, they provided us with a similar letter to be delivered to the Ministry of Interior (MOI) in order to obtain a security clearance. The employee at the chamber added that the worker must have a valid passport when submitting the request to the MOI.

Social security and High Participation Rate

Some women highlighted another challenge, which is the difficulty associated with registering under the umbrella of Social Security due to its high participation rate of 21.75% of their wage. This means that 47 JODs will be deducted from their wage in case their full wage is 220 JOD for example.

However, failure to participate in social security leaves these women vulnerable to many violations and problems, whether the woman is a worker or an employer, as they could potentially lead to:

- The employer not taking responsibility in the event of work injuries.
- Workers not being registered in social security, which means that they are outside the umbrella of social protection programs offered by the Social Security Corporation.
- Workers being given wages that are below the minimum wage (260 JODs for a Jordanian worker and 150 dinars for a non-Jordanian worker).
- Employers being threatened that a complaint will be filed against them because their business is unregistered.
- Workers not being able to issue work permits, which means that they cannot conduct any transaction that requires a work permit (leaving and returning to Jordan for Syrians).
- Working women not receiving maternity benefits if they are not registered in social security.
- Workers not receiving a pension (old age insurance).
- Workers not receiving disability compensation in case of a work injury.
- Workers being subjected to legal accountability since they work in an unregistered business.
- Workers being arbitrarily dismissed without notice.
- A lack of written employment contracts, or clear agreement between the worker and the employer.
- Workers and entrepreneurs not benefitting from the programs that were offered by the SSC during the COVID-19 pandemic.

It is noteworthy that registration in social security is only available to employers and workers in formal HBBs, which are officially registered. Due to the difficulties highlighted above, the majority of HBBs in Jordan are working in the informal economy.

These obstacles leave one other option available to workers and employers alike and that is the registration in the optional social security. However, this option is limited only to Jordanians and its participation rate is extremely high since 17.5% of the wage is deducted, provided that the wage is not less than the minimum wage.

Impact of the COVID-19 Pandemic[11]

In many cases, Home Based Businesses are considered a way to create working conditions that are in line with their needs, as usually they can work for flexible hours which would enable women to achieve a balance between social, domestic, economic and practical requirements.

However, the spread of COVID-19 resulted in another pattern of HBBs as this sector witnessed a complete shutdown due to the imposition of a complete curfew on March 21st following the activation of the Defense Law Number 13 of 1992. Tamkeen's team noted the pandemic's impact on women working in the following sectors:

First: Food Production

The nature of the virus's transmission has caused consumers to be cautious in their demand of home-made products in the beginning of the crisis. The situation was further complicated by the stoppage of delivery companies because of the governmental measures that were taken to prevent the spread of the virus and the recording of the first case in Jordan.

It was also noted that the purchasing pattern for consumers was not the same as before. Women attributed this to several reasons beyond the fear of consumers. These reasons include the curfew itself that was imposed; the inability of female employees to reach their workplaces which led to a shift in their priorities as they became able to cook daily, given that they did not have any other options before them like ordering from restaurants or other places. Therefore, these women had extra time to fulfill their household chores. Governmental measures also prevented gatherings including birthdays, funeral homes, or other types of events, such as restaurant orders, to occur even in the month of Ramadan.

A group of women considered that the partial or complete closure of some sectors negatively impacted a large group of workers, which in turn changed their priorities as they focused on providing their main necessities, while some even lost even the ability to do that. Therefore, these workers will not resort to making orders, and instead will utilize the curfew to prepare the food themselves which they used to buy from external resources.

The needs of women working in HBBs are not just limited in providing their requirements of food, but also extends to their education, health and rent expenses. Often times, the income these women receive from their businesses constitute their main source of income.

11 Tamkeen for Legal Aid and Human Rights, Under Curfew 12: Women Home Based Businesses... Before and After the Corona Crisis. To read the full report: https://shorturl.me/2hraH7

Second: Sewing and Clothes repair

Women usually resort to other women working as home sewers who are known in their neighborhoods and suburbs, as they consider them to be trustworthy and knowledgeable of their work. These women would sometimes even have social relationships with them, which enables them to host social gatherings when they go seeking their services, as well as be provided with a lower price compared to formal sewing workshops.

Like other formal or informal sectors, women working as home sewers were impacted by the curfew and people's inability to buy clothes, whether from shops or online. Consequently, none of the customers needed any clothing repair services. Amidst all of this also lied the customers' fear of the virus spreading through clothes, which resulted in them not buying any new pieces, nor altering their own clothes or asking sewers for specific pieces, whether these pieces were clothing-related or not (such as tablecloths, covers, bedspreads, etc.)

Usually, the demand for clothes' repair increases during the month of Ramadan. Unfortunately, expectations were not met this year because of the pandemic as women were unable to design or repair any pieces or even buy any raw materials. Some of these women even had to borrow some materials to be able to meet consumers' demands.

As for price hikes, some women could not tell their customers that the prices of the material increased for fear that they would lose their source of income. Instead, women in Amman and Zarqa faced an increase in prices for raw materials like fabric, threads, and beads in comparison to their previous prices before the crisis.

Third: Home-made crafts

According to field observations, home-made crafts are some of the hardest hit sectors among women workers. This group of women think that the purchasing ability is limited to only the basic necessities. Thus, their products are not popular among consumers amid the great challenges facing the market due to the current crisis. In Ramadan, workers also noted that there was a scarcity of demand from customers, and even in some cases no orders at all.

Fourth: Hair Salons and Make Up

The cosmetic sector, whether inside salons or in home-based businesses, was first faced with a complete closure of business and followed by customer fear of contact and physical proximity, which are common for this type of work. Once the sector resumed working, women working in HBBs found it very difficult to receive customers, as the majority preferred to go to registered salons since they are required to abide by public safety standards and precautions.

Usually, women working in the sector begin the month of Ramadan with advanced reservations and crowded schedules, especially when Eid Al Fitr nears and in the period between the two eids as this period is filled with engagement and wedding parties.

Like other household occupations, this profession was affected after such gatherings were banned and people made no reservations at their businesses. These women were thus forced to offer promotions that sometimes slashed their prices by half to attract customers, even though these women have been complaining about the high prices of cosmetics, such as hair protein and dyes.

Fifth: Teaching at Homes

In Jordan, these workers are known as private tutors who provide extra lessons for school students in primary, middle or high schools. Since students receive their lessons at home, such working women manage their own working hours, and this saves them from the expenses of moving from one place to another or using public transportation.

Usually, students attend these classes in the evening after they finish school and rest. Therefore, women working in this sector have flexible working hours that enable them to achieve the desired balance between their work and private lives. Furthermore, the women can easily contact students' parents and ask for the tuition fees, in case there were delays in its payment. Some women resorted to such work after they were unable to find jobs in the Education sector, or to provide extra income for themselves and their families.

On the other hand, parents of students prefer to send their children to tutors who live in the same neighborhood as they do not want their children to use public transportation or because they cannot enroll their kids in private centers due to their expensive prices. This is especially common among families who have more than one child in need of extra lessons. Parents also believe that issues related to installments are much easier to negotiate with these teachers due to the social relationships they have with them.

Usually, students resort to tutors throughout the semester but especially near the monthly, mid-semester and final exam periods. Due to the pandemic, this year was completely different. The academic year was already filled with surprises following the Public Schools Teachers' Strike at the beginning of the first semester, which started on September 5th and was ongoing for almost a month. Afterwards, the teachers were surprised once again at the beginning of the second semester when the Ministry of Education decided to adopt Online Education.

As for parents, their fear of having their children infected with the virus constituted a bigger concern than the academic progress of their children.

Conclusion and Recommendations

There are a range of challenges and obstacles that prevent people from licensing their home-based businesses, which leads to many of them not licensing their projects. Instead, they prefer to maintain the sustainability of their work without any complications and procedures that may prevent their continued work. As a result, only 319 HBBs have been licensed according to official statistics issued by the Professions and Advertisement Licensing Department. This low number does not reflect the reality on the ground, where the number of HBBs is notably higher. This indicates that the majority of HBBs are now part of the informal economy.

The reluctance of women entrepreneurs to license their businesses is one of the most prominent aspects in relation to HBBs. Indeed, some entrepreneurs claim that they want to avoid an increase in their income tax, which might affect their projects. However, this claim is incorrect as the income tax for small enterprises has its own specific laws that link the tax amount with the income of the project. Others do not want to register their projects due to the small number of customers, or their fear that they might close their project later since many women work intermittently and market to a very limited number of customers.

There is also a group of employers who avoid registering their projects because they do not want to register themselves or their employees under the umbrella of Social Security Corporation due to its high deduction rates.

To change these trends among entrepreneurs regarding the registration of their HBBs, the government must establish facilitations that are adaptable to the volatile conditions of HBBs and the challenges that they face. The government must also increase the awareness regarding the benefits of registering their projects and enrolling under the umbrella of SSC. These efforts would contribute to raising the community's awareness about the importance of this step and help change entrepreneurs' views about this issue.

The organisation of HBBs and the transition of these projects from the informal to the formal economy would increase women's economic participation rates, as well as decrease the rate of violations that workers are subjected to, while also maintaining the continuity of these projects in the Jordanian labour market.

Tamkeen therefore recommends the following:

1. Facilitate the registration procedures in terms of the required documents and replace the valid passport requirement with a valid ID card.
2. Encourage women to license their projects by providing them with financial support that would cover registration fees and provide them with tax exemption for the first two or three years following the establishment of their projects.
3. Train women on how to market their products and build their capacity on packaging them.
4. Reduce the participation rate for the Optional Social Security for women working in HBBs.
5. Work to modify the list of professions issued by the municipalities to become compatible with the list of professions issued by the Great Amman Municipality.
6. Identify a single clear, comprehensive, and specific criterion on health regulations and its principles.

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