

Women In Small Business In Israel

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Small businesses have always existed. To the best of my knowledge no one has examined the role that women play in the economy of small businesses in the state of Israel. Hence, I began examining this issue a couple of years ago and this paper presents a summary of my findings so far to date. I will conclude this paper by throwing out a few hypotheses as to how women's participation in small businesses alters both their status and the culture of small business activity itself.

The *Ministry of Commerce and Industry* in Israel about a dozen years ago, created an authority to aid, abet and encourage people to set up small businesses. The name of this authority is *The Business Development Center* and it has branches all over the country. This authority aimed to identify potential entrepreneurs and help them set up small businesses. The help they provided included educational courses in things like basic economics, pricing, marketing, sales promotion and basic tax law. They also supplied information to those wishing to set up small businesses about how to go about finding financial backers as well as how to present their ideas to them. Now most of the people who availed themselves of the services of this authority were obviously people who lacked either business experience and/or the financial resources to go it alone. This means that women from the higher economic strata of Israeli society who are in business do not fall within the purview of my study. Most of the information that I am going to present to you today is based both on the records of this authority as well as on interviews conducted with its senior officials. Then again I

carried out what could loosely be called anthropological surveys of areas of business all over the state of Israel. On these informal field trips I spoke to women running small businesses about how they started their business, where they found their financial backers, what gave them the idea to go into the type of business they have, and how their lives have changed since they became businesswomen.

Let me begin by stating that according to the *Business Development Center* in 1999 25% of the total income earners in Israel were self-employed, that is to say they were their own bosses, in other words business people. About 22% of these business people were women. It is important to point out that the percentage of women in the less profitable businesses is much higher than in the more profitable businesses. This can be seen for example from the fact that in the list of the top hundred and twelve highest income earners in 1998 there appeared only one woman. This statistics is supported by other findings such as the types of businesses that women run.

On the whole the women who engaged in business do so wholly in what could be loosely described as the service sector. I am using the phrase “service sector” here not as it is usually used to refer to health services, legal services and financial services, that is services provided by highly trained and knowledgeable people. The services that the women in most businesses supply are those like cleaning services, food services, child minding services, secretarial services, supplementary educational services and nursing services. What characterizes most of the services that women supply is that they are, for businesses, relatively poorly remunerated. The question arises is to why women are content to engage in business which is relatively poorly remunerated? The answer is briefly that running these businesses fit in more

easily with the other task that they have to fulfill, namely that of housekeeper.

However, more about this later on.

What I also found out is that the majority of women who run these kind of small businesses were women from the marginal groups in Israeli society: Mizrahi women (that is women whose origins are from Arab and Muslim countries), new immigrants, ultra orthodox, Palestinian and Bedouin women. What is more these women tended to run their businesses in the neighborhoods in which they lived, very close to home and often even from their own homes. Now the reasons for this seem to be mainly one of convenience. It fits in with their running of their own household more easily to run their businesses close to their homes or even from their homes. Working either at home or close to home enables them to get home quickly to deal with any emergency they are inevitably called upon to deal with especially if there are children still living at home.

I want to point out at this stage that the community life in many neighborhoods in Israel reflect specific cultures. That is to say ultra-orthodox Jews seem to live in particular neighborhoods, immigrants from Northern Africa in other neighborhoods, while Russian immigrants in other neighborhoods. It is possible to go through the whole map of Israel and identify those particular neighborhoods, which are populated almost entirely by identifiable different groups of people. Now as the women who engage in small businesses tend to work either from home or close to home the type of businesses they engage in often reflects the particular needs of that group of people to which they belong and who largely, if not completely, make up the population of that neighborhood. For example, ultra orthodox Jewish women, after they have married, are not permitted to display their own natural hair. Hence, they

wear wigs. Making these and up keeping these wigs is a business that a number of women in ultra orthodox areas are engaged in. Than again many Russian immigrants still want their children to have knowledge both of the Russian language and literature and so a number of different women have small businesses in which they run classes for the children of Russian immigrant in what could be referred to as after-school schools.

What I found striking was that most of these women did think of themselves as businesswomen. Most of them saw themselves as supplying services to people in need of them, which was simply an extension of the services they supply to the members of their own immediate families. For example, one woman I interviewed who had been giving private lessons in English and Mathematics for thirty years actually laughed at me when I asked her how she got into her business. What she found funny was that I referred to her as being engaged in business. This response was not unique to her and I found other women who thought it funny that I refer to them as being “business women”: hairdressers yes, typists yes, cooks yes, music teachers yes, house cleaners yes, but businesswomen no. This was even the case when they had other people working for them. This outlook of theirs is, in my opinion, at once something that contributes both to their success as business people, yet places a limit on how successful they can be.

These businesswomen who do not look at themselves as businesswomen but rather as supplying services to people in need of them and they take great pride in their work. After all what they are doing is supplying services largely to people who they know and who trust them and to people who they often interact with on a daily basis. It is very important for them that what they do will be appreciated by those for whom they do it. Because if what they do is not appreciated they will get a bad name

and this will not only hurt their businesses, it will hurt their standing in their own community. The women I interviewed did not put it like this, but it was clear from what they said that they very much wanted to please, to serve and to respond to the needs of those around them. This as the literature tells us, is how most women are socialized to react. True they are receiving remuneration for supplying the services they do supply, but it seems fairly clear to me that for a large majority of them, especially those who lived in poorer neighborhoods, it was more important for them to be perceived to be doing a good job than in the actual amount of money they received for doing it. Paradoxically much of the success of the small businesses run by women is a function of their attitude of looking upon themselves not as businesswomen. That is to say their clients know that the women are in it not just for the money and this makes them in their eyes people they can trust and people whom they want to do business with.

However, to really succeed in business one has to go about things in a business like manner, one has to engage in some type of cost-benefit analysis. This type of thinking was conspicuous by its absence for the majority of the women I talked to. If there was any logic they followed it was the larger the clientele the more successful the business venture is. However, this is not always the case. For example there was one woman who started a small baby minding service at home after she gave birth to twins: She started by looking after her own twins and two other very young children. Within a year she was looking after 11 children but could not do so alone so she hired someone to help her. After another year, because of the good reputation she got 26 new children had signed up for her baby minding service. However, because her children were, now three years old her baby minding service was now really a kinder garden. With so many children she could not run this kinder

garden in her home any more and so she had to rent a special space for this purpose. To rent such a place and with so many children her business soon came to the notice of the local authority, and they demanded amongst other things that she should have install special fittings like toilette facilities for small children, that she purchase furniture for small children etc; but most importantly that she employ a qualified certified kinder garden teacher. Now with so many children, and with so much money coming in and wages to be paid out and as she now had four employees she needed to hire the services of an accountant and a lawyer to deal with all the authorities. Apart from this the twins were only her fifth and sixth children and as she was away from home she had to pay someone to clean her house and to cook and someone else to mind her own children. What I am trying to say is that even though she thought she was a successful service provider, it became clear to me that at the end of the day what she had left in hand was not really much more than she had when she was looking after her own twins and two other children. Partly this was the result of the fact that as she was in intimate contact with many of the parents of the children who attended her kinder garden and she knew they really could not afford to pay the fees, so good woman that she was, she let them pay what she thought they could afford to pay. Nevertheless, the woman held herself in high esteem, as did many of her neighbors. I recommended to her that she contact the *Business Development Center* in her area. However, I have not, as yet, checked up to see if she has done so.

I do not want to create the impression that there are no successful small business businesswomen in Israel, for there are. I can give you many examples even amongst the women that I interviewed For example: there was the women I interviewed in a development town in the south of the country who was running a very profitable worker's restaurant. The food she served was wholesome, tasty,

freshly made, the portions were relatively large, and the prices were relatively cheap. Nevertheless she was running the business at a profit and informed me that until a year ago she was at a slightly different location but came to the one she was in presently because at the previous location there was only room for six tables while in this location she has room for twelve. I interviewed her at her restaurant and saw that from 12:00-14:30 pm. the place was full and that she was on a first name basis with most of the people eating there. I also observed that more than half the people there did not pay cash but asked that the amount of their meal be put on their account. She told me that most of them settle their accounts a day or two after the first of the month which the day most people in Israel get paid. Another example of a small successful business is run by an ultra orthodox woman from her home. This woman having mastered the computer has set herself up as a travel agent that caters especially to the ultra orthodox community. For example she organizes charter flights for American Yeshiva students who are studying in Israel to return home to their families at the times of the Jewish Holy days. She also organizes charter holidays to places in Europe and America where her clientele can receive glut kosher food. As I have already said this women works from home and she needs to, as she is a mother of nine children and her husband is a full time scholar in a Yeshiva. From what this women told me I figured out that her annual income after paying all her expenses and taxes is about twice that of a tenured full professor at an Israeli university (₪ 20,000/ month).

My last example of the successful businesswoman is about an illegal foreign resident who arrived in the county on a visitor's visa and stayed on. From 6:00 a.m. to 4:00 p.m., five days a week, she looks after elderly bed-ridden woman. Then from 5:00 pm. onwards she goes and cleans houses and on weekends she goes to live with and look after an elderly bed ridden gentleman while the women who looks after him

has her weekend off. She lives in a room in the house of the women she looks after and she has no expenses for food and housing, and earns approximately US \$3,200 a month (where the average monthly wage in Israel is the equivalent of US \$1,650) on which she does not pay tax as she is illegal and sends most of this money back to the Asian country where she came from to support her extended family there.

I trust I have said enough to give you some idea of the range, type and character of the small businesses that women in Israel engage in. I now want to say a few words about how their participation in small businesses affects both the lives of the women who are engaged in them and of the effects on the culture of business activity itself. I have already pointed out that the majority of women who run small businesses in Israel come from the marginal groups of Israeli society. I have also stated that many of these women run these businesses in the same neighborhoods in which they leave and in fact often from their own homes. What I have not mentioned so far is that many of these neighborhoods in which these marginal groups leave are some of the poorest in Israel. Hence, women running small businesses even though their remuneration may not be very high, it still high enough so as to place them amongst the richest people living in their neighborhoods. This gives them a standing far beyond that that say a successful businessman would have that lives in one of the more affluent neighborhoods in Israel. Their relative economic power within the community also gives them a social and political stand in their neighborhood. People come to them not only for loans and donations but after awhile also come for advice and asking them to speak out on certain issues that affect say the local schools and to represent them in the community's dealings with the municipality. These people, because they run businesses, are forced, whether they want to or not, to deal with the representatives of the government, both national and local (remember the story I told

you about the women who started up the kinder garden) and so this business experience of theirs makes them, at least in the eyes of their neighbors, experts in dealing with the government and so their neighbors ask them to speak for the neighborhood in the neighborhood's dealing with the government. In other words women who go into small businesses in Israel often not only find themselves financially better off but also find themselves being looked upon as leaders in their local communities.

I don't want you to get the impression because I have constantly said that the financial remuneration many of these small businesswomen receive is rather low that in some sense their business actively is not really financially worthwhile. Nothing could be further from the truth. As many of these women live and do their business in poor areas what they earn makes a significant financial difference to their families well being. Often the motivation for going into business was simply to begin to earn money for their family because of the head of the family was out of work or did not work by choice as in the case of the Yeshiva student's wife who ran the travel agency I mentioned earlier. Than again many of the women I interviewed told me that they started up their businesses because their husbands were either in jail, or drug addicts, or simply physically crippled. The money these women earn makes a significant contribution to their families welfare. And this leads me on to a further point, which must be stressed. Because these women are the principal bread winners in their family, and because they do this as well as running their households they are the de facto heads of those households. I see this as a type of feminism that is similar to the type of feminism drawn attention to by bell hooks and Patricia Hill Collins of the Afro-American woman in the inner city ghetto. These two feminist scholars point out that in many neighborhoods in slum ghettos in America where there is some

semblance of order and civility this is because one or two women, because of their standing in the community and the authority that comes with being seen as the “mothers” of the community, are able to keep the neighborhood from collapsing into complete disorder. I am not claiming that the small businesswomen in the poor neighborhoods in Israel are looked upon as being the mothers of the neighborhood. What I am saying is that their relative financial success grants them a standing and authority that is similar to the standing and authority of the “mothers” of the Afro-American communities in the inner city slums in America. Also, I think, following bell hooks and Patricia Hill Collins that this is a form of feminism, a feminism peculiar to poor women. I call it feminism because here we have example of women who empower and take control of their own lives that is to say they engender their lives by showing that women can be the heads both of families and local communities task which in the past have been traditionally the exclusive purview of men. While such women would never think of themselves as politicians – in a similar way in which they do not think of themselves as businesswomen – but this is in fact what many of them have become within their local neighborhoods. Where for the upper class woman living in one of the more affluent neighborhoods in the country, feminist politics is about getting more women into the Knesset and feminist economics is about getting more women to become the chair women of company boards of directors; for the poor woman both politics and business is mainly a question of what one has to do to survive in a very hostile environment.

I would like to end this talk by saying something about what the women engaged in small businesses has done for the culture of business in Israel. The culture of business in general for the last thirty years has been dominated by the big global multinational companies. Marx got it right it seems when he said that the logic of

capitalism is “expand or perish” and this is what business companies are trying to do, to get bigger and bigger swallowing up their smaller and weaker rivals. A number of years ago it was assumed that there was no place for small companies: chain stores, supermarkets, would completely take over the high streets with an occasional building left for a bank. Small businesses would be confined to the services of doctors, lawyers and accountants, and even these were being swallowed up into larger conglomerations. By now, if we were to believe the false prophets of twenty years ago, there would be no small businesses. This prophecy has not become a reality and it has not become a reality for the simple reason that people do not want to be treated everywhere as simply another anonymous customer or client.

The number of small businesses both in absolute percentage terms is on the rise in Israel as well as the percentages of these small businesses being run by women. This is because women bring to these small businesses the communication and negotiating skills they have honed in their homes. Women’s success in small businesses is directly related to their knowing how to get on with other people. This fact has been recognized by *The Business Development Center* for one of the courses it offers to people who want to become businessmen is a course in communication and negotiating skills. This, as any of you who are familiar with what many feminists scholars have written, is something that most of us could have learned while growing up if we were more attentive to how our mothers maintained peace and harmony among different members of the household. In other words what I am saying is that women in small businesses are not only engendering the business world by entering the business arena, they are also engendering the way business is done. Because the successes of small businesses is a matter first and foremost of knowing how to get on with your customer in order to make sure that when he or she has a need for your

services in the future he or she will seek you out rather than your competitor. Small businesses cannot effort to do this by giving bonuses or free trips to the lucky customers they can only do this by showing the customer that they care about his or her own special needs. And this is something women are socialized to do from birth.

Reference

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