

**The Role of Home-Based Enterprises in Strengthening Economic Resilience
During Crises: Evidence from the West Bank**

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Abstract

This study aims to evaluate the role of Home-Based Enterprises (HBEs) in enhancing economic resilience in the West Bank by assessing their economic contribution, identifying the challenges they face, and analyzing their potential to support households and communities during crises. To what extent do HBEs strengthen economic resilience in the West Bank, and how do structural, financial, and institutional factors shape their performance and sustainability? HBEs function as key adaptive mechanisms that bolster economic resilience by creating income-generating opportunities, especially for women, and sustaining localized production during periods of political and economic instability—despite operating within a constrained and vulnerable environment. A mixed-method design integrates: 1) Quantitative analysis of the 2022 Informal Sector and Informal Employment Survey (PCBS), covering 104,169 informal projects, including 14.3% HBEs. 2) Qualitative SWOT analysis assessing internal strengths/weaknesses and external opportunities/threats influencing the sector. HBEs contribute approximately 7% of West Bank GDP (around USD 1.2 billion) and provide livelihoods for 185,000 individuals, with women representing over 60% of participants. Their low-cost and flexible nature enables them to endure economic shocks. However, HBEs face significant barriers: limited access to finance (69%), poor infrastructure, technological gaps, informality (98.8% unregistered), and restricted market reach. Opportunities identified include new legal reforms, expanded microfinance, and digital marketing. HBEs are essential socio-economic institutions that enhance economic resilience in crisis-prone contexts. Strengthening this sector requires targeted policy interventions focused on improving financial access, infrastructure, digital capabilities, and supportive regulatory environments.

Keywords: Home-based enterprises, Informal economy, Women's entrepreneurship, Economic resilience, West Bank, Palestine

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Introduction

Home-based enterprises (HBEs) play an essential role in the economic landscape of many developing societies, serving as engines of inclusive growth, self-employment, and community resilience. Across Asia, Africa, and Latin America, HBEs have emerged as practical responses to structural unemployment, income insecurity, and the limitations of formal labor markets. They function not only as sources of income but also as mechanisms for empowering marginalized groups—particularly women and youth—by integrating household-based production into local value chains.

In crisis contexts, particularly in regions experiencing prolonged political and economic instability, HBEs have emerged as important adaptive mechanisms. In areas such as the West Bank, which has endured decades of occupation, mobility restrictions, and economic dependency, these enterprises have developed as grassroots responses to persistent crises. They provide essential livelihood opportunities despite substantial economic shocks, including trade disruptions, fiscal crises, and political instability. By functioning as survival mechanisms at the grassroots level, HBEs contribute not only to the economic resilience of individual households but also to broader community stability, thereby mitigating the effects of external shocks. In this respect, HBEs in Palestine illustrate how informal and localized economic activities can enhance resilience during periods of crisis by creating pathways to economic survival and social stability when formal sectors are unable to perform effectively (Briguglio et al., 2009; Martin & Sunley, 2015).

In contexts characterized by economic fragility and political instability, HBEs frequently function as adaptive systems of self-reliance. They enable households to mobilize local resources, traditional skills, and domestic spaces for productive purposes. By reducing barriers to market entry and providing flexible working arrangements, HBEs create opportunities for economic participation that would otherwise remain inaccessible within the formal economy. Consequently, they constitute an integral component of the "resilience economy," a concept increasingly used to describe community-based economic systems that sustain livelihoods despite persistent shocks.

Economic resilience in the West Bank refers to the ability of the Palestinian economy to withstand, absorb, and recover from recurring shocks—such as political instability, trade restrictions, and fiscal crises—while simultaneously adapting its structure to support sustainable economic growth. It encompasses the capacity of households, firms, and institutions to maintain functionality, protect livelihoods, and facilitate recovery despite persistent external constraints (Martin & Sunley, 2015). Within this framework, resilience comprises several interrelated dimensions. The resistance dimension reflects the economy's capacity to absorb shocks resulting from Israeli-imposed restrictions on movement and trade (UNCTAD, 2024). The recovery dimension refers to the speed and extent of

restoring employment, production, and social welfare following economic disruptions (Briguglio et al., 2009). The adaptation dimension encompasses structural and behavioral adjustments—such as the diversification of local industries, digital entrepreneurship, and informal economic networks—that reduce long-term vulnerability (World Bank, 2024). The governance and institutional dimension concerns the capacity of the Palestinian Authority and local institutions to manage fiscal pressures and deliver public services under severe constraints (UNCTAD, 2024). Finally, access to finance and social protection mechanisms contributes to resilience by supporting business continuity and safeguarding household welfare (European Investment Bank, 2025). Collectively, these dimensions determine the West Bank's capacity to transform persistent vulnerability into adaptive economic resilience.

The economy of the West Bank has long operated under conditions of structural fragility characterized by political instability, movement restrictions, limited control over natural resources, and dependence on external markets. These conditions have generated chronic unemployment, widespread poverty, and persistent socioeconomic vulnerability among Palestinian households. Because the formal economy has been unable to absorb the expanding labor force, and because occupation-related economic shocks occur regularly, households have increasingly relied on adaptive informal strategies to sustain their livelihoods. One of the most significant of these strategies has been the establishment of home-based enterprises, which have become an essential component of the Palestinian informal economy.

Although HBEs have historically existed in Palestinian society as extensions of household production, they have evolved over recent decades from traditional subsistence activities into important sources of income generation and self-employment. This transformation has been driven by several factors, including declining access to formal labor markets, reduced agricultural opportunities, and increasing restrictions on mobility and trade. Under these conditions, HBEs provide an accessible, low-cost, and flexible form of entrepreneurship that enables individuals—particularly women—to generate income despite structural constraints. Their ability to operate within the household significantly reduces operational costs while minimizing many of the mobility and security challenges that affect conventional businesses.

Within the Palestinian context, home-based production has deep historical and cultural roots. For centuries, rural Palestinian households engaged in the domestic production of food, textiles, and handicrafts. However, modern political developments—particularly the Israeli occupation and the structural integration of the Palestinian economy with that of Israel—have disrupted traditional production systems and weakened agricultural and artisanal livelihoods. In response to these structural changes, many Palestinians, especially women, have increasingly turned to HBEs as a means of economic survival.

Under the current circumstances, Palestinians continue to face profound political and economic challenges that have significantly constrained their ability to pursue independent economic development. Since its establishment, the Israeli state has adopted a range of policies that, according to some scholars, have contributed to the fragmentation and isolation of Palestinian communities (Panahi, 2024). Today, the West Bank represents an economy constrained by occupation, restrictions on movement, and dependence on external resources. The formal sector remains limited in size and is unable to absorb the growing labor force. According to the Palestinian Central Bureau of Statistics (PCBS, 2022), the unemployment rate in Palestine reached 24%, while approximately 29% of the population lived below the poverty line. These figures underscore the urgent need for alternative livelihood strategies. Within this environment, HBEs have expanded as a grassroots response to structural exclusion, providing a form of "economic resistance" that complements broader processes of social resilience.

Moreover, HBEs in the West Bank exhibit distinctive gender and spatial characteristics. Approximately 60% of HBE operators are women, many of whom conduct their businesses from home because prevailing social and cultural norms limit their participation in the formal labor market. Consequently, HBEs provide women not only with income-generating opportunities but also with socially acceptable avenues for engaging in productive economic activities. At the same time, these enterprises contribute to preserving Palestinian cultural identity through the production of traditional foods, textiles, and handicrafts.

Despite their considerable potential, HBEs in Palestine remain largely underrecognized and inadequately supported. They operate predominantly outside formal regulatory systems, encounter significant barriers in accessing finance and markets, and often lack reliable infrastructure. Nevertheless, they continue to serve as essential components of the Palestinian economy, demonstrating the adaptive capacity of local communities under conditions of prolonged occupation. This persistence occurs despite the fact that the growing economic interdependence between Israel and several Islamic countries has limited the willingness or ability of those countries to adopt economic measures against Israel (Hejazi et al., 2025).

This study examines HBEs not merely as marginal informal economic activities but as strategic socioeconomic institutions that contribute to national economic resilience. Specifically, it investigates their structural role within the Palestinian economy, their contribution to employment and gross domestic product (GDP), and the principal challenges constraining their development. Furthermore, the study demonstrates how HBEs—through the integration of household labor, indigenous knowledge, and entrepreneurial initiative—can provide a foundation for a more autonomous, resilient, and sustainable model of economic development in Palestine.

1. Literature Review

The origins of home-based work and small-scale production can be traced to early European "proto-industrialization"—a term used by historians to describe the transition from feudal agrarian systems to industrial capitalism (Houston & Snell, 1984). During the fifteenth to nineteenth centuries, many rural households in Europe engaged in small-scale textile, pottery, and glass production without major technological change. These activities created rural employment during agricultural off-seasons and provided a foundation for later industrial growth (Gullickson, 1983).

Proto-industrialization theory emphasizes that household-based industries developed in response to underemployment, limited land ownership, and increasing market integration. Peasant families used their surplus labor to produce goods for exchange rather than for self-consumption, thereby creating early linkages between rural and urban markets. This historical pattern illustrates how domestic production can generate savings, skills, and entrepreneurship that eventually facilitate structural economic transformation.

In Palestine, similar dynamics unfolded under very different political conditions. For centuries, the Palestinian economy relied on subsistence agriculture and the domestic production of food, textiles, and handicrafts. Families produced dairy products, bread, and woven items primarily for household consumption rather than for trade. However, by the late Ottoman period, increasing integration into global capitalist markets and the influence of European trade reshaped these domestic economies. This process accelerated under the British Mandate (1917–1948) and later under Israeli occupation, transforming local producers into wage laborers dependent on external markets (Tamari, 1983; Dana & Jarbawi, 2017).

Thus, Palestinian HBEs today reflect a continuum between tradition and adaptation. While they originated from household self-sufficiency practices, they have evolved into flexible micro-enterprises that respond to the structural limitations of an occupied economy. They bridge historical forms of rural production with modern market-oriented entrepreneurship, often mediated by informal networks and family labor. In this sense, HBEs embody both continuity and resistance—a "micro-economy of survival" operating under conditions of structural dependency.

Empirical research on home-based enterprises in Palestine remains limited. Early Arabic-language studies, such as Nasser (1999), examined small family businesses in the West Bank, focusing on their characteristics, success factors, and constraints. Nasser identified restricted access to finance, weak infrastructure, and limited market access as the main barriers to growth. However, subsequent decades of conflict, blockades, and demographic change have drastically altered the socio-economic landscape, rendering these earlier findings only partially applicable.

International organizations, such as UNCTAD (2024), the World Bank (2023), and OCHA (2022), have produced extensive macro-level analyses of the Palestinian economy, documenting chronic dependency on foreign aid, high unemployment, and structural integration with the Israeli market. Yet these reports rarely address HBEs specifically as mechanisms of resilience or instruments of women's economic empowerment.

Recent academic work has begun to fill this gap. Sultan et al. (2024) investigated entrepreneurial orientation and succession planning in Palestinian family businesses, underscoring innovation and geography as determinants of business growth. Nonetheless, their focus remained on formal enterprises rather than on informal or home-based ventures. Comparative studies conducted in other developing contexts (Grigsby et al., 2015; Makokha, 2014) indicate that HBEs can significantly contribute to poverty reduction and women's empowerment when supported by adequate microfinance, digital access, and local market integration.

Despite the growing body of research on informal economies and women's entrepreneurship in developing and crisis-affected contexts, the role of home-based enterprises in Palestine remains understudied, particularly in relation to economic resilience under conditions of protracted occupation and structural dependency. Existing research has largely focused on macro-level economic constraints, formal family businesses, or general informal employment trends, leaving a clear gap in understanding HBEs as intentional and adaptive livelihood strategies. This study contributes to the literature by addressing this gap in several important ways.

First, it provides the most comprehensive empirical mapping of HBEs in the West Bank to date, drawing on nationally representative data from the 2022 Informal Sector and Informal Employment Survey. By quantifying their economic contribution—including their share of informal enterprises, contribution to GDP, employment generation, and gender composition—the study establishes HBEs as a significant and measurable component of the Palestinian economy rather than as a marginal or residual activity.

Second, this research advances the theoretical understanding of economic resilience in crisis environments by linking the concept of resilience to micro-level household economic practices. While the existing resilience literature focuses predominantly on states, regions, or institutions, this study demonstrates how HBEs function as grassroots economic stabilizers that help households absorb shocks, sustain livelihoods, and adapt to long-term structural constraints such as movement restrictions, labor market dependency, and political volatility.

Third, the study introduces a novel analytical framework by combining quantitative sectoral analysis with a qualitative SWOT analysis. This integrated approach enables a deeper understanding of both the structural forces shaping HBEs and the internal dynamics that influence their sustainability. It therefore goes beyond descriptive statistics to generate

actionable strategic insights regarding opportunities for growth, barriers to expansion, and areas where policy interventions are most needed.

Fourth, the study contributes significantly to the limited body of research on gendered entrepreneurship under occupation by demonstrating that HBEs serve as critical spaces for women's economic participation, empowerment, and social mobility within restrictive cultural and political environments. This gender-sensitive perspective provides an important contribution to both regional and global debates on women's informal entrepreneurship.

Finally, the study offers original policy-oriented contributions by translating its empirical and SWOT findings into practical recommendations for strengthening HBEs through expanded microfinance, digital marketing, legal reforms, cooperative networks, and targeted infrastructure improvements. In doing so, it positions HBEs not merely as survival strategies but as foundational elements of a more resilient, inclusive, and locally grounded Palestinian economic model.

Together, these contributions make this study a significant addition to both the theoretical and empirical literature on informal economies, resilience studies, women's entrepreneurship, and Palestinian economic development.

2. Global Experiences of Home-Based Enterprises During Crises

Home-based enterprises play a crucial role in promoting household and community resilience across many regions of the world, particularly in countries experiencing economic shocks, political instability, natural disasters, or structural poverty. While HBEs in the West Bank operate under the unique constraints of military occupation and limited statehood, similar micro-entrepreneurial dynamics have emerged in low- and middle-income countries worldwide. Comparative evidence from Asia, Africa, and Latin America demonstrates that HBEs consistently serve as survival mechanisms, instruments of women's empowerment, and buffers against crisis-related vulnerabilities. This global literature enriches our understanding of the West Bank context by illustrating how HBEs respond to—and often mitigate—the effects of structural instability, market fragmentation, and weak formal employment sectors

In Bangladesh, rural women have expanded micro-enterprises—such as sewing, livestock rearing, and small-scale food production—to compensate for declining formal wages and disruptions in global supply chains (Kabeer et al., 2021). In both countries, social norms restricting women's mobility have further reinforced the role of the home as the primary and most viable site for income generation.

In Southeast Asia, HBEs have played a significant role in economic recovery following natural disasters. Studies from Indonesia following the 2004 tsunami show that home-based micro-businesses, particularly those

engaged in food vending, weaving, and craft production, were among the first local economic activities to resume (Masyrafah & McKeon, 2008). Their rapid reactivation helped stabilize household incomes and restore social networks, both of which are essential for post-disaster resilience. These findings underscore the adaptability of home-based work during environmental crises, demonstrating its capacity to function even when formal infrastructure is disrupted.

Across Sub-Saharan Africa, HBEs have been recognized as critical contributors to poverty alleviation and women's economic empowerment. In Kenya, research on women's cottage industries reveals that micro-enterprises such as beadwork, pottery, tailoring, and small-scale agriculture are essential for supplementing household income and ensuring food security (Grigsby et al., 2015).

In Latin America, HBEs have been studied extensively as components of survival strategies among low-income households. In Peru, home-based textile production and food vending have historically been central to urban resilience, particularly among internal migrants in Lima (Bromley & Wilson, 2018). In Mexico, studies show that HBEs cushion households against the negative effects of economic liberalization, maquiladora layoffs, and rising living costs by providing flexible work arrangements tailored to family needs (Benería & Roldán, 1987).

A consistent feature across all regions is the gendered nature of HBEs. Whether in South Asia, Africa, or Latin America, HBEs disproportionately involve women who face structural barriers to formal employment, including limited mobility, childcare responsibilities, and educational disadvantages. Home-based work provides a socially acceptable and flexible form of economic participation that enhances women's bargaining power within households and communities (Lindsey, 2023). In crisis contexts, women's HBEs help stabilize household consumption, maintain children's access to education, and ensure food security, thereby underscoring their multidimensional contribution to economic resilience.

Another common theme is limited access to finance, which constrains growth and long-term sustainability. Across Africa and Asia, fewer than 10% of HBEs have access to formal credit (ILO, 2020). Microfinance initiatives—such as the Grameen Bank in Bangladesh, SEWA Bank in India, and Equity Bank in Kenya—have demonstrated that targeted financial support can dramatically improve the productivity, diversification, and survival rates of HBEs (Sengupta & Aubuchon, 2008). These programs offer valuable lessons for the West Bank, where 69% of HBEs report finance-related challenges.

Taken together, global experiences demonstrate that HBEs consistently act as shock absorbers during times of crisis, regardless of differences in political systems, economic structures, or cultural norms. Their cross-regional role in income stabilization, women's empowerment, and local

value creation aligns closely with the findings from the West Bank. Lessons drawn from international experiences—particularly regarding microfinance, digitalization, cooperative networks, and legal reforms—provide valuable insights for strengthening HBEs as pillars of economic resilience in Palestine's unique crisis-prone environment.

3. Methodology

This study employs a mixed-methods research design that integrates quantitative and qualitative approaches in order to capture both the structural and experiential dimensions of home-based enterprises (HBEs) in the West Bank. The quantitative component draws on secondary data from the Informal Sector and Informal Employment Survey (2022) conducted by the Palestinian Central Bureau of Statistics (PCBS).

The qualitative component applies a SWOT analytical framework (Strengths, Weaknesses, Opportunities, and Threats) to assess the internal capacities and external challenges facing HBEs. The SWOT framework serves as a comprehensive method for examining both internal and external environments, particularly during periods characterized by strategic uncertainty or decision-making challenges. Strengths denote internal attributes that enhance an organization's capacity to achieve its objectives, whereas weaknesses refer to internal limitations that constrain performance. Opportunities encompass external factors that may facilitate goal attainment, including favorable environmental conditions and potential avenues for innovation and development. In contrast, threats represent external forces that may impede progress or pose risks to success (Benzaghta et al., 2021).

The dataset covers 104,169 informal enterprises, of which 14.3% are home-based enterprises. Key variables analyzed include the share of HBEs within the informal economy; their geographic distribution across the West Bank; ownership structure by gender; contribution to employment and GDP; characteristics of owners (age, education, and experience); infrastructure and access to utilities (electricity, water, and ICT); and sources of finance (personal savings, loans, and family support). Descriptive statistics—including means, percentages, and frequency distributions—were used to illustrate trends and relationships among these variables. This quantitative mapping establishes the empirical foundation for the subsequent SWOT analysis.

The qualitative component interprets the statistical findings within a strategic context. Strengths highlight internal assets such as operational flexibility, women's participation, and reliance on locally sourced raw materials. Weaknesses identify structural deficiencies, including the lack of formal registration, limited access to capital, and inadequate infrastructure. Opportunities include policy reforms (such as Law No. 42 of 2021 on Small Companies), expanding access to microfinance, and the growing use of digital marketing. Threats encompass external risks, including political

instability, market volatility, and competition from low-cost imported goods. By synthesizing these dimensions, the study develops strategic recommendations for integrating HBEs into broader development and economic resilience policies.

4. Results

According to data from the Palestinian Central Bureau of Statistics (PCBS, 2022), the informal sector in the West Bank comprises 104,169 enterprises, of which 14.3% are home-based enterprises (HBEs). These enterprises contribute approximately 7% of the regional GDP (equivalent to roughly USD 1.2 billion) and employ an estimated 185,000 individuals, representing approximately one in every six informal workers.

Women constitute more than 60% of the workforce in HBEs, while 72% of these enterprises operate directly from homes. This finding highlights both the feminized nature of the sector and its importance in providing income-generating opportunities and economic autonomy for women. Notably, 98.8% of HBEs are unregistered, and the majority rely on personal savings (52%) or family support (9%) as sources of start-up capital. This pattern reflects both the self-reliance of HBE owners and their limited access to institutional sources of finance.

Table 1- Characteristics of Home-Based Enterprises in the West Bank

Category	Features	Data / Percentages
Level and Distribution of Activities	Total Number of Informal Projects	104,169 Projects
	Share of Home-Based Businesses in the Informal Sector	14.3%
Activity Location	At Home	72%
	Street Vending	13.2%
	Vending with Car/Motorcycle/Bicycle	2.4%
Reasons for Location Choice	Financial Inability to Rent Another Place	36%
	No Need for a Dedicated Space	31.1%
	Most Profitable Location Considering Cost/Benefit	18%
Official Registration	No Official Registration	98.8%
	Reluctance to Register	98.2%
	Main Reason: No Need to Register	86.1%
	High Registration Costs	10.2%
Establishment and Time Trends	First Project	1976
	Surge in Establishment (Second Intifada)	2000
	Projects Established Between 2018–2021	52% of the total
Workforce and Economy	Workforce in the West Bank	1.062 million
	Employment in Family Projects	185,000
	Share of GDP	7% (approximately 1.2 billion USD)

	Share of Informal Sector in GDP	22% (approximately 7.3 billion USD)
Reasons for Establishment	Independent Employment Creation	69%
	Extra Income Source	22.2%
	Self-Employment / Continuing Family Project	8%
Gender Composition of Workforce	Women	60.3%
	Men	39.7%
Infrastructure	Without Public Electricity	34.7%
	Without Connected Water	42%
	Without Computer Network	96.4%
	Without Landline Phone	95.8%
	Has Mobile Phone	89.2%
Initial Capital Resources	No Need for Capital	29.3%
	Personal Savings	52.1%
	Family Support	9.6%
	Interest-Free Personal Loans	4.8%
	Financial Institution Loans	2%
Raw Material Supply	Exclusively from the West Bank	100%
Supplier Source	Retailers	45.8%
	Wholesalers	19.8%
Product Marketing	Local Area Sales	61%
	Sales Across the West Bank	<30%
	Export/Sales to Israel	≈1%
Buyer Type	Final Consumer	65.7%
	Wholesalers	20.1%
	Retailers	10.9%
Activity Sustainability	Total Cessation in 2022	12.6%
	Permanent Activity	30.5%
	Seasonal/Intermittent Activity	69.5%

Sources: Summarized based on data from the survey of the informal sector of the Palestinian economy

The following table highlights the multifaceted obstacles that home-based businesses (HBBs) face in the West Bank. Financial barriers dominate the landscape, with 69% of respondents reporting difficulties in accessing finance and more than one-third citing insufficient income. High registration and taxation costs further constrain business formalization. Competition is intense, both from local businesses and imported goods, while marketing challenges affect more than three-quarters of enterprises, underscoring weak market linkages. Production is hindered by shortages of equipment, raw materials, and adequate workspace, as well as by high labor costs. Technological and infrastructural challenges, including outdated machinery and unreliable communication networks, further compound operational inefficiencies. In addition, weak institutional support and complex

registration procedures discourage business expansion, thereby perpetuating a cycle of informality and limited scalability.

Table 2- Challenges Facing Home-Based Businesses in the West Bank

Category	Type of Challenge	Percentage of Respondents / Explanation
Finance and Capital	Difficulty Accessing Financial Resources	69%
	Insufficient Income and Low Economic Justification	38.1%
	High Registration and Tax Costs	10.2% and 25%
Competition and Market	Intensity of Competition	57.5%
	Competition with Similar Local Projects	51.5%
	Competition with Imported Goods	37.1%
	Marketing Problems	77.2%
Production and Resources	Lack of Machinery and Equipment	55.1%
	Difficulty Sourcing Raw Materials	56.3%
	Lack of Physical Space for Production	43.1%
	Lack of Adequate Buildings or Environment	30%
	High Labor Costs	31%
Technology and Infrastructure	Lack of Modern Production Technology	39%
	Lack of Communication Infrastructure	40–95%
Transportation and Storage	Product Storage Issues	35.3%
	Product Transportation Problems	43%
Governance and Policy	Lack of Government Support	39%
	Registration Complexities (Not Significant)	7.8% No Problem

Sources: Summarized based on data from the survey of the informal sector of the Palestinian economy

The SWOT analysis provides a comprehensive view of the internal and external dynamics shaping home-based businesses (HBBs) in the West Bank. Key strengths include their substantial economic contribution—accounting for 7% of GDP and generating approximately 185,000 jobs—as well as high levels of female participation and strong adaptability during crises. However, significant weaknesses remain: most businesses are unregistered, undercapitalized, and technologically underdeveloped, with limited market reach and relatively low profitability. Opportunities stem from evolving policy support, expanding microfinance initiatives, and the diffusion of digital technologies that can improve visibility, market access, and operational efficiency. At the same time, important threats persist, including political instability, competition from imported goods, infrastructural deficiencies, and inflationary pressures. Taken together, this

SWOT matrix highlights the considerable potential of HBBs to serve as engines of inclusive growth, provided that systemic barriers are addressed and emerging institutional and technological opportunities are effectively leveraged.

Table 3- SWOT Matrix

Analysis Dimension	Key Aspects	Key Points
Strengths (S)	High Economic Share	185,000 jobs (14.3% of informal sector), 7% share of GDP, equivalent to 1.2 billion USD
	Women and Youth Participation	Over 60% of workers are women; key role in social empowerment
	High Flexibility	More than half of projects established from 2018 to 2021; high resilience during crises
	Reliance on Local Resources	100% of raw materials sourced locally; over 50% of capital from personal savings
	Low Costs and Home-based Operations	72% operate from home; reduces rent costs and increases personal productivity
Weaknesses (W)	Informality and Lack of Financial Resources	99% are not officially registered; 69% face difficulty accessing loans
	Weak Infrastructure	35% without electricity, 42% without piped water; weak technology (39%)
	Limited Marketing	61% sell only in local markets; exports make up only 1%
	Lack of Capital and Equipment	55% lack production tools; 30% lack workspace; only 30% are permanently active
	Competition and Low Income	High competition (50%), low profits, 38% of businesses have weak economic justification
	Lack of Government Support	39% complain about lack of official support; high registration taxes
Opportunities (O)	Support from Policymakers for the Informal Sector	22% of informal economy share in GDP; focus on employment for women and youth
	New Legal Reforms	2021 Small Business Law; tax exemptions and easier registration benefits
	Microfinance Development	Increase in credit institutions and low-interest loans
	Technological Influence and Digital Marketing	89% own mobile phones; opportunities for online sales and social media networks
	Local Value Chain and	Opportunity for branding and

	Branding	collective marketing of local products
	Cooperative and Network Formation	Synergy, collective buying and selling, experience exchange
Threats (T)	Political and Economic Instability	Tensions, travel restrictions, damage to supply chains
	Foreign Competition and Market Saturation	Cheap imported goods; limited market share
	Insufficient Infrastructure	Continued weakness in electricity, water, internet, and transportation
	Inflation and High Costs	Rising raw material costs and cost of living
	Adverse Policies or Government Neglect	Lack of continuous support, sudden taxation

Sources: Summarized based on data from the survey of the informal sector of the Palestinian economy

Building on the SWOT analysis, the proposed strategies present an integrated framework for strengthening home-based businesses (HBBs). The SO strategies focus on leveraging existing strengths—such as women's participation and the availability of local resources—to capitalize on emerging opportunities through branding, digitalization, and networking. The WO strategies address internal weaknesses by utilizing external support, recommending expanded microfinance programs, infrastructure development, and incentives for business formalization. The ST strategies emphasize resilience by promoting business diversification, local solidarity, and collective representation to withstand external shocks. Finally, the WT strategies aim to minimize vulnerabilities through strengthened social safety nets, the phased implementation of policy reforms, and continuous skills development. Collectively, these strategies advocate a holistic policy approach that integrates economic empowerment, institutional support, and social inclusion to ensure the long-term sustainability of home-based businesses.

Table 4- Proposed Strategies

Strategy Type	Main Objective	Key Action Areas	Strategies
SO: Leveraging Strengths to Exploit Opportunities	Use internal capacities for development	Empower women, local branding, digital sales, network collaboration	1. Training and financing for female entrepreneurs 2. Create a national brand 'Made in Palestine' 3. Launch an online platform for home-based products 4. Form local supply and distribution chains

WO: Leveraging Opportunities to Address Weaknesses	Reduce structural deficiencies with external support	Improve financial, infrastructural, educational, and legal aspects	1. Establish microloan funds and low-interest loans 2. Develop low-cost infrastructure for electricity, water, internet, and technology 3. Marketing and digital sales training 4. Tax incentives for official registration 5. Cluster and shared production service centers
ST: Leveraging Strengths to Counter Threats	Strengthening resilience and competitiveness during instability	Rely on flexibility, localism, and social cohesion	1. Diversify products for stability during crises 2. Differentiate products from cheap imports 3. Form a trade union for home-based businesses 4. Strengthen local markets and networks against foreign blockages
WT: Reducing Weaknesses and Avoiding Threats	Preventing damage and bankruptcy of vulnerable businesses	Support coverage, cautious policymaking, skill enhancement	1. Create insurance and emergency assistance funds 2. Gradually implement regulations and taxes 3. Design dignified exit strategies from the market 4. Geographic market and supply source diversification 5. Continuous skill and technology training

Sources: Summarized based on data from the survey of the informal sector of the Palestinian economy

5. Discussion

Home-based enterprises (HBEs) in the West Bank play a crucial role in fostering economic resilience, particularly in a context marked by prolonged

political instability and structural economic challenges. This study's findings underscore the critical importance of HBEs in both the social and economic spheres, as they contribute approximately 7% of the region's GDP, provide livelihoods for approximately 185,000 individuals, and are predominantly operated by women. However, the sector's sustainability faces significant obstacles, including financial barriers, infrastructural deficiencies, limited governmental support, and market constraints. This section discusses the implications of these findings, their broader significance, and potential strategies for overcoming these challenges.

5.1. Economic Contributions and Resilience

HBEs in the West Bank, accounting for 14.3% of informal projects, represent a substantial component of the economy in terms of both GDP contribution and employment. By employing approximately 185,000 individuals, the sector serves as a vital part of the local labour market, particularly given the limited capacity of the formal sector to absorb the growing workforce. The role of HBEs in fostering economic resilience is especially important in light of Palestine's high unemployment rate, which reached 24% in 2022, coupled with the fact that nearly one-third of the population lives below the poverty line. The economy's reliance on the Israeli labour market further underscores the need for sustainable and self-reliant economic activities within the West Bank, and HBEs provide an important mechanism for enhancing economic independence in this context.

The study shows that more than 60% of those engaged in HBEs are women, highlighting the dual function of these enterprises. They not only generate income but also empower women by providing opportunities for economic participation in a society where gender roles and cultural norms often restrict women's access to formal employment. Women's participation in HBEs has both economic and social dimensions, as it promotes financial independence while contributing to women's social mobility within Palestinian society.

Moreover, the adaptability of HBEs to crises, including prolonged political instability, constitutes one of their principal strengths. The home-based nature of these enterprises provides a degree of flexibility that enables them to survive in an environment characterized by economic volatility, movement restrictions, and fluctuating market conditions. This flexibility makes HBEs an essential mechanism for maintaining household-level economic stability. Furthermore, operating from home—a characteristic of 72% of these enterprises—reduces operational costs, allowing businesses to function with minimal overhead expenses and enhancing their capacity to withstand periods of crisis.

5.2. Challenges Facing Home-Based Enterprises

Despite their resilience and economic contribution, HBEs in the West Bank face a range of challenges that threaten their growth and long-term

sustainability. The most significant of these challenges is limited access to finance. The overwhelming majority of HBEs (69%) struggle to obtain external financing, relying instead on personal savings or family support as their primary sources of capital. This limited access to credit and formal financial services constrains their ability to expand or modernize operations. Without external financing or accessible microfinance options, these businesses remain vulnerable to economic shocks and are unable to invest in growth opportunities, such as adopting new technologies or expanding their market reach.

Another major obstacle is the lack of formal recognition and registration. According to the study, 98.8% of HBEs operate informally, limiting their access to government services, legal protection, and broader market opportunities. The absence of formal registration also restricts opportunities to establish collective networks that could strengthen bargaining power and facilitate access to resources. Entrepreneurs' reluctance to register is largely attributable to high registration costs and bureaucratic procedures, which constitute significant barriers for small-scale businesses.

Infrastructure deficiencies—particularly unreliable electricity, water, and communication services—also pose substantial challenges. More than 40% of HBEs lack reliable access to essential utilities, while nearly all (96.4%) remain disconnected from computer networks. This technological gap not only reduces production efficiency but also limits market access, especially for enterprises that could benefit from digital marketing and online sales platforms. Consequently, HBEs remain largely excluded from the digital economy and continue to depend primarily on local, often saturated, markets.

Moreover, competition from imported goods and other local enterprises poses an additional threat to the profitability of HBEs. Although 61% of these enterprises market their products locally, many face intense competition from imported products, which are often less expensive and more widely available. Marketing constraints further exacerbate this challenge, as most HBEs lack the capacity to reach wider domestic or international markets.

5.3. Strategic Opportunities for Growth

The SWOT analysis presented in this study identifies several opportunities that could help overcome the structural challenges facing HBEs in the West Bank. One of the most promising opportunities is the expansion of microfinance programmes. As the findings suggest, improving access to low-interest loans and credit facilities could significantly strengthen the financial capacity of HBEs, enabling them to invest in new technologies, enhance product quality, and expand their market reach. Microfinance initiatives could also provide entrepreneurs with a financial safety net, reducing their dependence on informal sources of capital such as personal savings and family support.

Digital marketing represents another important opportunity for increasing the visibility of HBEs and expanding access to broader markets. The study found that 89% of HBE owners possess mobile phones, indicating that digital tools are already widely available. Developing online platforms for home-based products would enable these businesses to access national and international markets, thereby reducing dependence on local demand and improving competitiveness. Social media marketing, e-commerce platforms, and online marketplaces could create valuable opportunities for growth, particularly for artisanal products that reflect Palestinian culture and heritage.

Legal reforms, including the 2021 Small Business Law, offer a potential pathway toward formalizing the sector while providing HBEs with greater legal protection and institutional support. The implementation of tax incentives, simplified registration procedures, and formalization incentives could reduce barriers to entry for small-scale entrepreneurs and facilitate access to a broader range of services, including training, marketing assistance, and business networking opportunities.

Finally, developing local value chains and cooperative networks could further strengthen the resilience of HBEs by encouraging collective purchasing and marketing, knowledge sharing, and collaborative business development. Reinforcing local production and distribution networks would help mitigate the effects of foreign competition while improving the long-term sustainability of home-based enterprises.

Conclusion

Home-based enterprises (HBEs) in the West Bank represent a critical component of the region's economic resilience, particularly in the face of persistent political and economic challenges. By providing income-generating opportunities—especially for women—and enabling flexible, low-cost business models, HBEs contribute significantly to the local economy. However, these enterprises face considerable challenges, including financial constraints, limited formal recognition, infrastructural deficiencies, and intense market competition.

To enhance the sustainability and growth of HBEs, targeted policy interventions are essential. These should include expanding access to microfinance, improving infrastructure, and promoting digital marketing and online sales. Legal reforms that simplify registration procedures and reduce bureaucratic barriers could also facilitate the integration of HBEs into the formal economy, thereby providing them with the legal protections and institutional support necessary for sustainable growth.

By harnessing the strengths of the HBE sector—such as its high level of female participation, reliance on local resources, and adaptability—Palestine can foster a more resilient and sustainable economic model. The findings of this study underscore the importance of supporting HBEs not only as

economic enterprises but also as social mechanisms that empower marginalized groups and preserve Palestinian cultural identity. By addressing the identified challenges and capitalizing on existing opportunities, HBEs can play a pivotal role in strengthening the economic resilience of the West Bank and advancing broader national development objectives.

Overall, this study highlights the indispensable role of home-based enterprises in enhancing economic resilience during periods of crisis in the West Bank. HBEs provide essential livelihood opportunities within an environment characterized by prolonged political and economic instability, while simultaneously promoting economic participation and social empowerment, particularly among women. Nevertheless, these enterprises remain vulnerable to persistent structural constraints, including limited access to finance, inadequate infrastructure, and increasing market competition. Strengthening the contribution of HBEs to economic resilience therefore requires sustained policy support through expanded microfinance programmes, digital transformation initiatives, and legal reforms that facilitate formalization. Such measures would not only improve the long-term sustainability of HBEs but also contribute to building a more diversified, inclusive, and resilient economic foundation for the West Bank, enabling these enterprises to continue serving as important pillars of resilience amid ongoing external pressures.

The findings of this study highlight several promising avenues for future research on home-based enterprises and their role in strengthening economic resilience in the West Bank. First, future studies should conduct longitudinal analyses to examine how HBEs evolve over time, particularly in response to political shocks, financial crises, and technological change. Such research would help identify which types of HBEs demonstrate long-term sustainability and which remain particularly vulnerable to external disruptions.

Second, given the prominent role of women in HBEs, further gender-focused research is needed to explore how home-based entrepreneurship influences women's economic empowerment, household bargaining power, and social mobility. This research could include qualitative case studies examining intra-household decision-making, gender norms, and the socio-cultural factors shaping women's participation in HBEs.

Third, future research should investigate the impact of digitalization on the performance and scalability of HBEs. Although mobile-phone ownership is widespread, internet access and digital marketing remain limited. Future studies could evaluate the effectiveness of digital training programmes, online sales platforms, and e-commerce initiatives specifically designed for informal and home-based businesses in the Palestinian context.

Fourth, comparative studies between HBEs in the West Bank, Gaza, and other conflict-affected or low-income regions would provide valuable

insights into how political, geographic, and institutional contexts shape informal entrepreneurship and resilience strategies.

Fifth, future research should examine the role of microfinance and broader financial inclusion policies in either supporting or constraining the growth of HBEs. This includes evaluating the effectiveness of existing microcredit programmes, investigating the reasons for their limited uptake, and assessing alternative financing mechanisms such as cooperative lending, Islamic finance, and rotating savings and credit associations.

Sixth, further studies should investigate the environmental and spatial dimensions of home-based production, including the relationship between housing conditions, urban density, and business productivity. Such spatial analyses could help policymakers identify areas where support is most needed and better understand how local infrastructure influences business performance.

Finally, future research should evaluate the effectiveness of policy interventions—including formalization pathways, tax incentives, regulatory reforms, and cooperative networks—in improving HBE performance. Experimental or quasi-experimental research designs, such as randomized controlled trials or natural experiments, could provide robust evidence regarding which policy instruments most effectively enhance economic resilience and entrepreneurial sustainability.

Collectively, these research directions would deepen understanding of the HBE sector and provide a stronger empirical foundation for designing policies that leverage HBEs as engines of economic resilience, women's empowerment, and inclusive economic development in crisis-affected settings.

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