

INFORMALITY, POVERTY, AND GROWTH: LABOUR MARKETS IN CHINA AND INDIA

Mei-Ling Ellerman

Points:

- to involve local actors, and to use existent resources in research. SEWA and others have involved local members or NGOs in their research process. This is important not only because of their needed perspective, but in order to provide local actors a stake in the research that will ultimately affect them.

- to use local resources for the literature review, and to not replicate research. For example, if Wang Jufen's project wanted to research regulations pertaining to domestic workers in Beijing, one could go local institutions that already have intimate knowledge of the latest laws and regulations, such as the Migrant Women's Club, a local NGO, or the BJ Household Service Association. However, they may have very different perspectives on the regulations, so one should talk to more than one source.

- This is also the case when researching the relationships between workers and agencies. The employment agencies often agree that they want to protect workers' rights, and say that they facilitate access to insurance and help resolve disputes etc., but this is not necessarily the reality. I've talked to both domestic worker and health care worker employment agencies and the workers, and many workers believe that the agency will act in the employer's interest. The staff has less incentive to protect the domestic workers, and if the domestic workers make a claim and "cause trouble," their future opportunities for work at the firm could be adversely affected. The agencies themselves lack regulation, and sometimes even if they wanted to help the workers, do not have ways to hold their clients (the domestic workers' employers) accountable.

- My other point addresses the value chain analysis. One can use the analysis to reveal where the informal workers lose out, for example in the herbal medicine industry, there are layers of middlemen and contractors. These middlemen absorb the profit that planters could earn if they were able to, for example, create marketing cooperatives. The next question is how have other people been able to get out of similarly marginalized situations, how have they been able to organize? One could look both at examples in China and India. The research should be designed with the solution in mind.

I have conducted over two years of research on Chinese migrant domestic workers, of which there are an estimated 230-250,000 in Beijing alone. My project, the *Action Research Project on Domestic Workers*, focuses on the workplace issues of domestic workers in Beijing: the nature of the problems and how they are addressed. I also examine the power dynamics, and resources or strategies that help or prevent the workers from resolving their issues, which include: discrimination, abuse, sexual harassment, contract, food and board problems. I look at the respondents' gender awareness and

gender norms, their professional and family choices, and obstacles to personal development. I seek to use my research in a variety of ways: to raise awareness about domestic workers' issues, to inform policymakers, researchers and civil society organizations, and to lay a foundation for future work with the domestic workers.

In designing research, one must think about what impacts are desired, and at what levels. When we engage in research for change, the researcher must also decide whether their data will be used to respond to the subjects' practical needs, strategic interests or both. I believe that while development should deal with some immediate needs, research should be designed with long-term change in mind.

If we are talking about sustainable development, and addressing systemic societal problems, then the strategies should be transformative, not just focused on safety-net measures helping individuals within the current context, but focused on how to change the basis upon which the inequality is founded.

Marty Chen - discussed the complexities of studying the informal economy, and in past work has mentioned the desire of many workers to receive the benefits of an improved regulatory environment or formalization of small firms.¹

On the macro level, I want to bring up two points made by Judith Tendler about the need for policymakers and researchers to look at further formalization and regulation of the informal sector, in particular small firms, as a means to obtain rights and protections and to engage in serious economic growth.²

The first point is that employment concerns and growth of local industry are no longer a central part of economic development planning, and many planners and development specialists do not see small firms as a way to promote local economic development, but as welfare or safety-net measures for poor people. Staying informal means continued marginalization, and that small firms do not develop to reach their potential in the local economy. Without formalization that creates the conditions for growing small enterprises, they will remain at the bazaar level. This necessarily also applies to groups like domestic workers, who as isolated individuals have little or no security and no leverage without the benefits of further regulation as well as organizing.

The second point is related to what Professor Tendler calls the "devil's deal," where the informal sector gives its political support in return for being allowed to avoid taxes and regulations—but it also thereby loses the possibility of significant growth based on formal market institutions.

¹ Rethinking the Informal Economy. The Urban Informal Economy. Parallel Session. Martha Chen.

² Why Social Policy is Condemned to a Residual Category of Safety Nets and What to do about It (for United Nations Research Institute for Social Development)
Small Firms, the Informal Sector and the Devil's Deal
Bulletin, Institute of Development Studies, Summer 2002, March

While politicians may find it easier to allow their constituents to continue to operate informally, it should be understood that operating under the legal radar hinders actors from growing and benefiting from the financial, commercial, and legal [adjudicative and enforcement] mechanisms of a market economy. It means perpetuating the marginalization. That is why Judith Tandler calls this trade-off the “devil’s deal.”

She suggests for research to look at:

- the ways in which small firms or informal sector firms have learned to move towards formality and successfully improved their practices.
- processes that can found or strengthen institutions that deal with conflict between different economic actors in the community, and which are recognized by both sides.
- labor organizing within the country--- successful cases where labor unions contributed to the creation of jobs and improvement of the product.

- Underline the importance of studying not only the existent problems, and structural obstacles to resolution -- but also the interests of the different actors, the institutionalization of practices that prevent workers from obtaining the protection of the formal sector, and the obstacles to agency of individuals in the vulnerable groups. This type of research can be applied broadly at many levels, from the grassroots to policy-making.

Yesterday we started getting into these topics, when the speakers touched upon the politics beneath the policy, and the agenda and incentives of different actors.

A few research points:

- The language and definitions used by surveys, interviews and focus groups is very important, particularly when one is researching a group which may be differentiated by gender, religion, ethnicity, native dialect, profession or educational background. The respondent may not understand the terminology, may have a very different understanding, or with limited education, may not be able to read or fill out a survey or consent form.

- As other presenters have mentioned, it is very important to use gender as a category and a form of analysis in all research. One very plain example is my initial inclusion of male domestic workers as part of my sample. Most people I talked to, outside of domestic workers, did not think there were any. When I did fieldwork, I found that there are more and more men who want to enter the profession. Men are invisible participants in professional domestic work, and in fact share similar problems to female domestic workers. In addition they are discriminated against because they engage in traditionally feminized work. In my pilot study, we conducted in-depth interviews of 36 female and 14 male domestic workers. Yet nearly as many male domestic workers felt that they had been sexually harassed as female domestic workers (5 women, 4 men). We also took into account that men might feel equally or more stigmatized as victims of sexual harassment, so may also tend to underreport.

- When investigating the problems of the informal sector, one continuously comes across the same problems domestic workers have -- lack of regulation, formalization and organizing that offers protection, lack of an enforcement mechanism, and the low level of status, influence, power and agency that would allow the individuals to proactively resolve their problems. Here I just want to mention the empowerment question. When researching resolution strategies, empowerment or agency, one must understand how it can be defined within the particular context of the research subjects.

Literal example - domestic workers. In Beijing most domestic workers are live-in, which means that often their employers expect them to be available all day, every day. I know workers who weren't allowed to leave their neighborhood. In this case we are literally talking about restricted freedom and movement, as well as lack of power and influence in their employment relationships.

Emphasize the need -- to go beyond what is apparent on the surface, beyond what the laws and numbers tell us, beyond the first response of our research subjects. Once we understand the dynamics that underlie the problems inherent in the informal sector, we can move forward to strategically design solutions that are hopefully both appropriate and enforceable.

But this search should also be accompanied by an understanding of real-life success stories, how other people have been able to get out of exploitative, vulnerable situations and poverty, what were the mechanisms -- and what can governments, NGOs and other actors do to facilitate similar progress?

At the end of the day, we want the data to be used, so we must think -- if we had this data, if we had the answer that we are looking for, what policy question would it solve, about how to help informal workers? Our research questions should be driven by the answers that we need to know, in order to promote change.