

## **WOMEN IN INFORMAL EMPLOYMENT**

Marty Chen

Lecturer in Public Policy, Harvard Kennedy School  
International Coordinator, WIEGO Network

Most of the working poor are engaged in the informal economy where, on average, earnings are low and risks are high. Women are more likely than men to be engaged in the informal economy, particularly in the lower echelons. This article introduces the official statistical definition of informal employment, presents recent data on women and men in informal employment, suggests reasons why women are over-represented in informal employment, and briefly describes the conditions of three key groups of women informal workers.

### **Informal Employment: Official Definition & Recent Data**

Informal employment includes self-employment in informal enterprises (i.e. unincorporated enterprises) and wage employment in informal jobs (i.e. jobs without employer contributions to social protection).

Informal employment comprises more than half of non-agricultural employment in most developing regions and is as high as 82 per cent of non-agricultural employment in South Asia and over 80 per cent in some countries in sub-Saharan Africa. The exceptions are the Middle East and North Africa where informal employment represents 45 per cent of non-agricultural employment (ILO-WIEGO forthcoming). If informal employment in agriculture is included, the proportion of informal employment increases substantially.

### **Women and Men in Informal Employment**

In most developing regions, informal employment is a more important source of employment for women than for men. In sub-Saharan Africa, informal employment represents 74 per cent of women's and 61 per cent of men's non-agricultural employment; in Latin America and the Caribbean, 54 per cent in contrast to 48 per cent; in South Asia, 83 per cent in contrast to 82 per cent (ILO-WIEGO forthcoming). However, in all regions men comprise the majority share of the informal workforce because women's labour force participation rates are lower than men's.

Informal employment in informal enterprises - both self-employment and wage employment - often accounts for a larger share of men's non-agricultural employment than women's, the notable exception being sub-Saharan Africa. The opposite pattern occurs with regard to informal employment outside of informal enterprises - the proportion for women is larger than for men, again with the exception of sub-Saharan Africa. This is because women tend to be disproportionately employed as informal domestic workers in private households and also, but less significantly, as contributing family workers in formal enterprises.

In regard to specific categories of informal workers: *domestic workers* represent around 5 per cent of urban employment in most countries but nearly 25 per cent of urban

employment in South Africa; *home-based workers* represent around 3 per cent of urban employment in Argentina, 6 per cent in South Africa, and 18 per cent in India; and *street vendors* represent 11 and 15 per cent of urban employment in India and South Africa, respectively (ILO-WIEGO forthcoming). Notably, the three groups together comprise about one third of urban employment in India (Chen and Raveendran 2012). In most, if not all, countries, the majority of domestic workers and home-based workers are women. In many countries, a large share of street vendors - particularly of those who sell perishable goods - are women (ILO-WIEGO forthcoming).

There are several reasons why women are over-represented in informal employment. To begin with, the gender division of labour, common across societies, ascribes domestic chores and care responsibilities to women: thus limiting their time and mobility to pursue paid work outside the home. Secondly, cultural norms of status and seclusion, more pronounced in some societies than others, also restrict women's mobility outside the home. Thirdly, around the world, women tend to have lower human, financial, and physical capital and less labour market experience than men. Fourthly, the structure of the labour market and the demand for labour, reflected in hiring, placement, and wages, is often biased against women in favour of men. Some mix of these factors help shape labour market outcomes for women around the world.

### **Specific Groups of Women Informal Workers**

What the working poor need and want is often sector-specific. Consider three occupations in which large numbers of women informal workers are concentrated:

*Domestic workers* are those who do paid work in or around their employer's home. Their main concern is to be recognized as workers and to enjoy worker benefits, such as minimum wages, regular payments, paid vacation and sick leave, and due procedures for probation and dismissal. If they do not stay in their employer's home, they would also like accessible and affordable transport between where they live and where their employer lives. They would also like skills training - with certification - in the specific tasks for which they are hired: from cleaning to cooking to health or child care.

*Home-based workers* are those who produce goods or services from their own home. Their main concern is secure tenure and basic infrastructure services for their home which doubles as their workplace. If they are self-employed, they need financial services, business development services, and market knowledge and access. If they are sub-contracted, they also need financial services (to buy equipment and supplies) and market knowledge (to bargain for fair piece rates). Both groups need accessible and affordable transport between their homes and the markets where they buy/receive raw materials and sell/return finished goods. Both groups need skills training to keep up with changes in fashion or demand and to compete with others.

*Street vendors* are those who vend goods and services from the streets or other open spaces. Their main concern is to have a secure place to vend in a good location and to be protected from harassment, bribes, confiscation of merchandise, and evictions by local authorities. They also need accessible and affordable transport between their homes, the

markets where they buy goods, and the locations where they sell goods. And they need business skills to forecast market demand as well as cash and stock flows; to determine and set appropriate prices; and to package or advertise their merchandise.

Finally, all women informal workers need to be organized and trained in leadership, advocacy, and collective bargaining. Training in leadership, advocacy, and collective bargaining is best provided by institutions or individuals who have experience in organizing workers, workers' education, or collective bargaining and are also familiar with the specific conditions of informal workers.

### **Concluding Thoughts**

Since earnings from employment are people's main source of income, the quantity and quality of employment available to women, men and households matter a great deal in determining who is poor and who is not – not only in terms of income poverty but also in terms of other dimensions of poverty. Efforts to combat poverty must, therefore, pay greater attention to needs and constraints faced by the working poor, especially women, in the informal economy. This requires creating more and better formal jobs as well as increasing the earnings of those who continue to work in the informal economy.

Improving the skills of the working poor, especially women, in the informal economy in order to increase their earnings, productivity, and employability is of critical importance.

### **CITED REFERENCES**

Chen, Martha Alter and G. Raveendran. 2011. *Urban Employment in India: Recent Trends and Patterns*. Cambridge, USA: WIEGO.

International Labour Office (ILO) and WIEGO (forthcoming). *Women and Men in the Informal Economy: A Statistical Picture*. Geneva, Switzerland: ILO.

### **For Further Reading**

Chant, S. and Pedwell, C., 2008, *Women, gender and the informal economy: An assessment of ILO research and suggested ways forward*, International Labour Organization. [http://www.ilo.org/gender/Informationresources/WCMS\\_091605/lang-en/index.htm](http://www.ilo.org/gender/Informationresources/WCMS_091605/lang-en/index.htm)

Chen, M. (et al.): *Progress of the World's Women 2005. Women, Work & Poverty*, UNIFEM, 2005. <http://www.unwomen.org/en/digital-library/publications/2005/1/progress-of-the-world-s-women-2005-women-work-and-poverty>

Wick, I., 2009, *Frauenarbeit im Schatten: Informelle Wirtschaft und freie Exportzonen*, SÜDWIND Institut für Ökonomie und Ökumene, 2009. [http://www.suedwind-institut.de/fileadmin/fuerSuedwind/Publikationen/2009/2009-5\\_Frauenarbeit\\_im\\_Schatten.pdf](http://www.suedwind-institut.de/fileadmin/fuerSuedwind/Publikationen/2009/2009-5_Frauenarbeit_im_Schatten.pdf)

### **RESOURCES**

For more information on domestic workers, home-based producers, and street vendors, please visit <http://www.wiego.org/informal-economy/occupational-groups> and also visit the following websites:

<http://www.homenetsouthasia.net/>

<http://www.idwn.info/>

<http://www.sewa.org/>

<http://www.streetnet.org.za/>

<http://www.inclusivecities.org/>