UNRISD
UNITED NATIONS RESEARCH INSTITUTE FOR SOCIAL DEVELOPMENT

INFORMALISATION AND WOMEN'S WORKFORCE PARTICIPATION: A CONSIDERATION OF RECENT TRENDS IN ASIA

Jayati Ghosh

Revised version 18-04-04

Prepared for the UNRISD report
Gender Equality: Striving for Justice in an Unequal World

The **United Nations Research Institute for Social Development** (**UNRISD**) is an autonomous agency engaging in multidisciplinary research on the social dimensions of contemporary problems affecting development. Its work is guided by the conviction that, for effective development policies to be formulated, an understanding of the social and political context is crucial. The Institute attempts to provide governments, development agencies, grassroots organizations and scholars with a better understanding of how development policies and processes of economic, social and environmental change affect different social groups. Working through an extensive network of national research centres, UNRISD aims to promote original research and strengthen research capacity in developing countries.

Current research programmes include: Civil Society and Social Movements; Democracy, Governance and Human Rights; Identities, Conflict and Cohesion; Social Policy and Development; and Technology, Business and Society.

A list of the Institute's free and priced publications can be obtained by contacting the Reference Centre.

UNRISD, Palais des Nations
1211 Geneva 10, Switzerland

Tel: (41 22) 9173020
Fax: (41 22) 9170650
E-mail: info@unrisd.org
Web: http://www.unrisd.org

I. Introduction: Concepts, issues and definitions

Work defines the conditions of human existence in many ways. It may be the case that this is even more true for women than for men, because the responsibility for social reproduction - which largely devolves upon women in most societies - ensures that the vast majority of women are inevitably involved in some kind of productive and/or reproductive activity. Despite this, in mainstream discussion, the importance of women's work generally receives marginal treatment simply because so much of the work regularly performed is "invisible" in terms of market criteria or even in terms of socially dominant perceptions of what constitutes "work". This obviously matters, because it leads to the social underestimation of women's productive contribution. Even more importantly, as a result, inadequate attention is typically devoted to the *conditions* of women's work and their implications for the general material conditions and well-being of women.

This is particularly true in developing countries, where patterns of market integration and the relatively high proportion of goods and services that are not marketed have implied that female contributions to productive activity extend well beyond those which are socially recognised, and that the conditions under which many of these contributions are made entail significant pressure on women in a variety of ways. In almost all societies, and particularly in developing countries, there remain essential but usually unpaid activities (such as housework and child care) which are seen as the responsibility of the women of the household. Several community-based activities outside the household also fall into this category. This social allocation tends to operate regardless of other work that women may perform. For working women in lower income groups, it is particularly difficult to find outside labour to substitute for household-based tasks, which therefore tend to devolve upon young girls and aged women within the household or to put further pressure on the workload of the women workers themselves. In fact, as Elson [1987] has pointed out, it is wrong to assume that unpaid tasks by women would continue regardless of the way resources and incomes are allocated. "Gender neutral" economic policies may thus imply possible breaking points within the household or the collapse of women's capacity. Social provision for at least a significant part of such services and tasks, or changes in the gender-wise division of labour with respect to household tasks, therefore become important considerations when women are otherwise employed.

This makes the consideration of work participation by women a more complex matter than is often recognised. Since most women are actually employed in some kind of productive/reproductive work, whether or not this is recognised and quantified by statistics, the issues relating to female employment are qualitatively different from those of male employment. Thus, the unemployment-poverty link which has been noted for men in developing countries is not so direct and evident for women: many women are fully employed and still remain poor in absolute terms, and adding to their workload will not necessarily improve their material conditions. Nor is the pressing policy concern that of simply increasing the volume of explicit female employment, since simply adding on recognised "jobs" may in fact lead to a double burden upon women whose household obligations still have to be fulfilled. Instead, concern has to be focused upon the *quality*, the *recognition* and the *remuneration* of women's work in developing countries, as well as the *conditions* facilitating it, such as alternative arrangements for household work and child care. All of these are critically affected by

broader economic policies as well as by government interventions at micro and meso levels, in ways that will be elaborated below. And it is these together which determine whether or not increased labour market activity by women is associated with genuine improvements in their economic circumstances.

The relative invisibility of much of women's work has been the focus of a substantial amount of discussion. Since many of the activities associated with household maintenance, provisioning and reproduction - which are typically performed by women or female children - are not subject to explicit market relations, there is an inherent tendency to ignore the actual productive contribution of these activities. Similarly, social norms, values and perceptions also operate to render most household-based activity "invisible".

This invisibility gets directly transferred to data inadequacies, making officially generated data in most countries (and particularly in developing countries) very rough and imprecise indicators of the actual productive contribution of women. Nuss et al [1989] have identified six major ways in which data limitations affect our knowledge of women's work:

1) Typically, the available data do not distinguish between factors that are especially important for women, such as : seasonal work versus usual or current work; full time versus part time work; paid versus unpaid activities; etc.
2) There is substantial undercounting of female work activity, especially the activities of unpaid family workers.
3) There tend to be arbitrary variations across countries with respect to the inclusion of subsistence activities in "economic activity".
4) In general, data on the informal sector are very imprecise, and this tends to be a significant if not primary source of female employment in developing countries.
5) The whole issue of household work remains one untouched by data. There are numerous problems in determining the ways in which household work should be incorporated into both national accounts data and statistics on economic activity, and these have meant that in general the issue is formally ignored.
6) There are also problems relating to the attitudes and values of respondents, and such social and cultural considerations may determine the extent of women's work that is actually reported.

All this means that the data on the labour force participation of women are notoriously inaccurate. Not only are the problems of undercounting and invisibility rife, but there are often substantial variations in data across countries which may not reflect actual differences but simply distinct methods of estimation. Further, even statistics over time for the same country may alter dramatically, as a result of changed definitions of what constitutes "economically active" or because of more probing questions put to women, or simply due to greater sensitivity on the part of the investigators. In India, for example, the sharp increase in female labour force participation rates evident in the 1991 Census (as in the 1961 Census before it) was related to the changed nature of the questions posed and the slightly different training given to enumerators, and the same holds true for the surveys conducted by the National Sample Survey Organisation in India over the 1990s. Such a shift is even

more marked for Bangladesh, where a change in definition was associated with an increase in female activity rates between 1983 and 1989 by 35 percentage points - an eightfold increase.

The impact of social structures is reflected not merely in the data, but in the actual determination of explicit labour market participation by women. Thus, in many Asian developing countries social norms determine the choice between participation in production and involvement in reproduction, and consequently inhibit the freedom of women to participate in the job market or engage in other forms of overt self-employment. The limitations on such freedom can take many forms. While the explicit social rules of some societies limit women's access to many areas of public life, the implicit pressures of other supposedly more emancipated societies may operate no less forcefully to direct women into certain prescribed occupational channels. It is also evident that, since the activities of reproduction and child nurture put so many and varied demands upon women's labour and time, combining these activities with other forms of productive work is only possible when other members of society (whether within the household or outside it) share the burden at least partially. The issue of social responsibility for such activities is therefore critical. Certainly, involving women in other forms of work without ensuring for the sharing of tasks and responsibilities associated with child-rearing and household work puts tremendous pressure on both mothers and children.

Notwithstanding these difficulties with the available data, there are some shifts in employment pattern that are so striking and substantial that they cannot be ignored. The most significant change that has occurred for women throughout the developing Asian region since the early 1980s has been the increase in labour force participation rates, which has only recently been followed by a decline in the early years of this century. This was similar to a world-wide pattern of increasing work participation of women, but the Asian experience was somewhat different, in that (unlike, say, Latin America) the increasing work participation of women was part of – and even led - the general employment boom created by export-led economic expansion. It has been suggested [Horton, ed., 1996] that over a longer period the pattern of labour force participation among women in various Asian countries shows a U-shaped curve, first decreasing with urbanisation (as women stop working on family farms and on other household production activities) and then rising again once the demographic transition is completed. Clearly, however, what happened in many countries of Asia was a sharper and more decisive process than this more gradual long-term tendency, and is discussed in more detail in the second section.

The informal sector has typically been categorised as a residual, catch-all sector, of all economic activities outside the “formal”, “organised” or “registered” sectors. The early perception of these activities was that they reflected the failure of the organised or formal sector to generate sufficient employment, and that those who could not find paid work in the formal sector were therefore forced into informal activities. However, from the 1970s, more positive definitions of the informal sector have emerged.

Among the first such was from the ILO, which in 1972 defined the main characteristics of the informal sector as ease of entry; reliance on local resources;

family ownership of enterprises; small-scale operations; labour-intensive work, using adaptive technologies; use of skills acquired outside school; an irregular and competitive market. The ILO discussion incorporated the idea – new for its time – that this informal sector had untapped development potential because of its flexibility and potential for creative responses to economic change. Subsequent discussions have tended to take this more positive angle, and have stressed the idea of the informal sector as opportunity rather than failure.

Despite this recent more positive spin, there is no question that typically work in the informal sector is less remunerative and under conditions which are inferior to organised sector work, even when it is home-based or in very small family-owned units. There is much greater vulnerability of workers who are outside the reach of labour legislation or trade union organisation, and within this, women workers are particularly vulnerable. It has been noted that the only real specificity of the informal sector is the absence of workers' rights and social protection. In every other sense, formal and informal work form an integral whole, and much of what is the "formal" sector today relies on informal activities, through sub-contracting and related arrangements, simply so that employers can take advantage of the absence of workers' rights to ensure much lower wage shares than would otherwise be the case.

More recent work by the ILO, especially in the context of its formulation of "decent work", shares this perspective. In 2002, the ILO argued for defining the informal economy as "comprising the marginalised economic units and workers who are characterised by serious deficits in decent work - labour standard deficits, productivity and job quality deficits, and organisation and voice deficits. Reducing these deficits in the informal economy will promote the transition to recognised, protected, legal - and, therefore, 'formal' - activities and ensure decent work."

The influential work of de Soto (2000) has paved the way for another slightly newer attitude to informal sector activities, which is that their expansion and development into formal activities are constrained by the lack of an adequate legal institutional framework for property rights. The non-recognition of some forms of property, which are effectively controlled if not formally owned, reduces access to institutional credit because it cannot be used as collateral. This perception is also evident in the Report of the World Commission on the Social Dimensions of Globalisation (2004), which argues that "the legalisation of *de facto* property rights is therefore a vital step in the transformation of the informal economy. To achieve this, governments need to

- identify the people and assets concerned;
- identify the practices and customs which govern the ownership, use and transfer of these assets, so as to root property law in the prevailing social context;
- identify administrative, bureaucratic and legal bottlenecks and obstacles to market access."[1]

The axiomatic understanding of such a position is that the informal economy is inherently vibrant, flexible and dynamic, and that it can effectively compete with

[1] ILO (2004) page 61.

larger units in the "formal sector" once constraints such as credit access are removed. Such an understanding assumes away a number of features and problems typically associated with informal sector activities. First, market access is not fundamentally dependent upon legal status; it does tend to be affected by size simply because of the organisational economies of scale involved, and increased access to markets by tiny and cottage units therefore has almost always required some degree of co-operation across units or involvement with a larger unit or public intervention through marketing bodies. Second, credit access is typically more difficult for all small units, even in the formal sector, not only because of the lack of collateral but because they are perceived to be inherently more risk-prone for a number of reasons. Third, recognition of *de facto* property rights (such as land which is squatted upon) is not only fraught with a number of problems, but typically has little or no meaning for a large number of informal sector workers who do not even have this kind of "property" and are engaged in informal activities only because they cannot find work in the formal sector. Most women workers would be in this category.

Fourth, and perhaps most crucially, it is a mistake to assume that all informal activity is effectively self-employment and that employer-workers relationships do not exist in this residual sector. In fact, one of the main attractions of the informal sector for employers is precisely the absence of labour regulation, which allows for more intensive exploitation of workers. This is true in a whole range of service activities, and also in manufacturing which relies on outsourcing to tiny and home-based units. Increasingly, there is tremendous dependence upon so-called "informal sector" production, by units in the so-called "formal sector" through subcontracting and other relationships, so much so that the line has become much harder to draw. This means that the most basic difference between formal and informal sectors is not the access to credit or markets, but the absence of labour protection in the informal sector.

Gothoskar (2003) points out that informal work is the product of a complex combination of historical, economic and social factors and processes which may change with circumstance and time. These include: the legacy of colonial exploitation and the consequent lack of capital in developing countries, which induces low rates of investment as well; faulty government policies as well as economic mismanagement including outright theft of public assets and other corrupt practices of authorities, which allow tax evasion as well as other practices encouraging informalisation; mismanagement by international financial institutions, especially the introduction of Structural Adjustment Policies of a 'one-size-fits-all' variety as conditions of government borrowing; the gender division of labour in the economy and in society at large, which encourages the use of women and child labour in particular ways; and finally, the inherent logic of capitalism, which implies the continuous search for means of cost reduction and more flexible use of labour.

It is frequently argued that women are found to be over-represented in the informal sector because the flexibilities of work involved in such activities, especially in home-based work, are advantageous to women workers given their other needs and the other demands upon their time in the form of unpaid labour. This is certainly the case to a significant extent, because much employment in the formal sector is based on the "male breadwinner" model that does not give adequate space or freedom to women who are also faced with substantial domestic responsibilities given the gender

construction of societies and the division of labour within households. However, these constraints upon women's time and freedom to choose – which are imposed by society rather than self-created – are exploited by employers to ensure much more work for less pay being performed by women. Thus, home-based work or work in very small enterprises can be for long hours and very demanding in other ways, and with conditions of remuneration (such as piece-rate wages) that effectively ensure the maximum tendency for self-exploitation. In addition, other basic responsibilities of employers, such as minimum safety conditions at work, basic health care and pension provision, are all entirely missing, which is a massive reduction of the effective wage for employers and a substantial loss for workers.

The recent tendencies towards greater informalisation of women's work must be viewed in this context. In general, these represent retrograde moves from the perspective of women's empowerment in both economic and social terms, and reflect the worsened bargaining power of labour in general in recent years across Asia. This argument is developed in the following sections.

One of the major problems with studying informal sector employment of both men and women, is the sheer difficulty of defining, identifying and quantifying it. Because the sector is effectively defined as a residual, it becomes very difficult to piece together any estimates of aggregate employment, and much of the information is necessarily based on micro-level studies which can yield valuable qualitative data even if not much in terms of aggregate analysis. In the case of women workers, as noted above, the problem is further complicated by the fact that so much of their informal work is unrecognised and unpaid, and therefore does not enter many standard labour force and employment indicators.

II. Recent changes in the patterns of women's work in Asia

There are at least six recent processes in the international economy that have a direct bearing upon labour markets and work conditions in countries across the world. The first, and possibly the most important, is the fact that the world economy is operating substantially below capacity. The global unemployment equilibrium is actually getting more severe, because of the deflationary impulse imparted by the domination of finance capital and the inadequate role played by the US as "leader" of the world economy.