

ISSUE BRIEF

Prepared for the
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#4

Cluster 2: Bringing an end to pervasive global women's inequality in the workplace

Empowering women working in the informal economy

The establishment of the Global Commission on the Future of Work in August 2017 marked the start of the second phase of ILO's Future of Work Centenary initiative. The six thematic clusters provide a basis for further deliberations of the Global Commission. They focus on the main issues that need to be considered if the future of work is to be one that provides security, equality and prosperity. A series of Issue Briefs are prepared under each of the proposed clusters. These are intended to stimulate discussion on a select number of issues under the different themes. The thematic clusters are not necessarily related to the structure of the final report.

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Introduction

Today's world of work is still marked by pervasive gender inequality. Despite their increasing labour force participation rates in many countries, women are still disadvantaged in the labour market in terms of their share in employment, remuneration and working conditions. A significant proportion of the female global workforce earn their livelihood in the informal economy, e.g. as “dependent” wage earners in informal and formal enterprises, and as self-employed or own-account entrepreneurs in a wide range of workplaces (i.e. at home, in shops, on streets). They include, inter alia, domestic workers, construction workers, street vendors, waste pickers, home-based workers and day labourers. While work in the informal economy can take various forms, women tend to be employed in or occupy the most vulnerable and the lowest-paid jobs.

This Issue Brief addresses ways to advance gender equality by empowering women working in the informal economy. It examines how their lives can be transformed from a situation in which their choices are limited, to one in which they are empowered to take decisions within the household and the labour market. The ultimate objective is to facilitate the transition of these workers and economic units from the informal to the formal economy, as set out in the ILO Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204).

Key findings

More than 60 per cent of the world's employed population earn their livelihood working in the informal economy. Informal work exists in all countries, irrespective of the individual country's level of socio-economic development, but it is far more prevalent in developing countries. Globally, informal work is a greater source of employment for men (63 per cent) than for women (58 per cent). Despite this, women are more often to be found in the more vulnerable categories of work, for instance as domestic workers or self-employed home-based workers. In a majority of countries, women in the informal economy tend to live in households that are poor (ILO, forthcoming). The literature shows that empowering women workers in the informal economy is key to expanding their choices, improving their livelihoods and advancing gender equality.

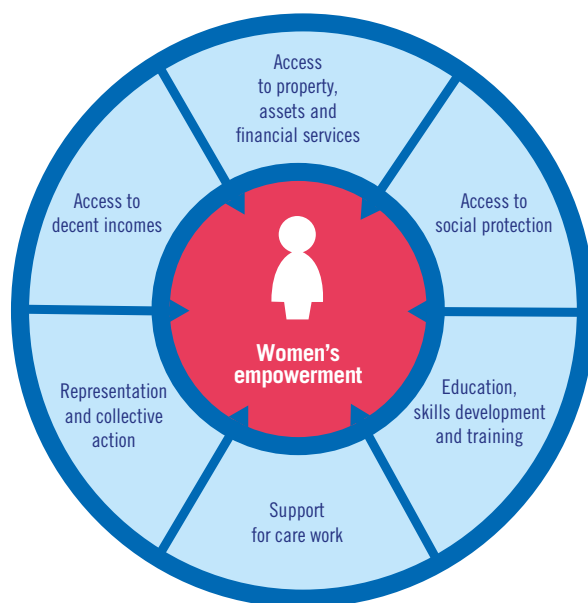
How can we empower women working in the informal economy?

Women working in the informal economy face a number of structural constraints which prevent them from accessing decent paid work. As they often bear the brunt of unpaid childcare and domestic work, they may have little choice but to take on low-quality jobs that allow them to attend to these care responsibilities (see Issue Brief No. 3). A range of discriminatory social norms may limit their access to: property, assets and financial services; opportunities for education and skills development; and social protection (see figure 1).¹ Strong cultural norms may constrain women's mobility outside the home in some regions, restricting them to low-paid home-based jobs. Strategies to empower women in the informal economy address these established norms, structures and imbalances in power and provide women with agency (Hunt and Samman, 2016;

1 All these issues are interrelated and addressed throughout this Issue Brief.

UN Women, 2015). To this end, ILO Recommendation No. 204 envisages the inclusion of an integrated policy framework in national development strategies or plans, as well as in poverty reduction strategies (see also ILO, 2013a).

Figure 1. Factors that enable women's empowerment



Source: Adapted from ILO, 2013a, and Hunt and Samman, 2016.

Access to decent incomes

Macroeconomic policies can be important enablers of gender equality, as they shape the economic environment for women's empowerment. A gender-responsive macroeconomic policy supports: social infrastructure (e.g. childcare and health services); a monetary policy that channels credit to women in agriculture and micro/small enterprises; a fiscal space that provides access to social protection; and the voice of organizations representing women in macroeconomic decision-making (UN Women, 2017). All these factors can improve women's access to decent incomes in the informal sector and facilitate their transition from the informal to the formal economy.

Different regulatory mechanisms can provide women with better working conditions, as well as facilitating their transition from the informal to the formal economy (ILO, 2013a). These measures remove the barriers that women face when they try to access work opportunities and improve their working conditions. For example, public policies and laws often neglect or even penalize the self-employed in the informal economy (e.g. street vendors, home-based workers and waste pickers) and their income-earning activities. These workers face myriad problems – including harassment, abuse and the confiscation of their goods – which lead to instability and insecurity in their income and livelihoods, and loss of property. There are cases in which women street vendors have engaged in initiatives and negotiated with the local government and urban planners

for a range of improvements, including designated workplaces and the provision of licences and identity cards for street vendors (e.g. in India, South Africa, Papua New Guinea). In India, after 15 years of lobbying by woman workers, a Street Vendors Bill was passed, which allows workers the right to a designated space to earn a livelihood, improve their incomes and create a safe working environment (UN Women, 2015; Bhowmik, 2014).

Other measures, such as a minimum wage, can have a particularly important impact on women in informal employment, as it raises the incomes of those engaged in low-paid activities. Employment programmes, which guarantee and provide a legal entitlement to a minimum wage (e.g. rural employment guarantee schemes), have helped to increase women workers' wages and narrow the wage gap. This effect can also spill over into other sectors, as workers collectively bargain for better wages. Domestic workers are amongst the lowest-paid informal wage employees, and a minimum wage can have a significant impact on these workers.² The monitoring and evaluation of these measures can facilitate transition into formal employment.

Access to property, assets and financial services

Globally, women account for 41 per cent of the agricultural labour force (ILO, 2018a), and yet they rarely own the land upon which they work. As a consequence, their decision-making and control over the land use, as well as their access to technology and extension services, are limited. Securing land rights and access to technology, reforming agricultural extension services, and supporting women's organizing in cooperatives, are all vital to empower and sustain women's agricultural self-employment in rural areas (e.g. in Ethiopia, Ghana and Rwanda) (UN Women, 2015). ICT-enabled services such as mobile technology can also help in providing information and advice on agricultural crops that are commercially sustainable, thereby contributing towards improving incomes and productivity. These services can also promote a culture of knowledge-sharing and help women to take decisions about climate-resilient crops or sustainable cropping practices, which can insulate their communities from the recurring shocks that climate change brings in its wake.

Assisting women to gain recognition of their existing property, as well as providing them with the means to formalize property rights and access to land, can ensure that they have the necessary collateral to qualify for regular financial services. The ability to leverage these financial services can help women improve their bargaining power, especially in self-employment (agriculture, street vending, home-based work, etc.).

Women entrepreneurs often find themselves operating micro-enterprises in the informal economy. Women's entrepreneurship and the sustainability of their enterprises can be encouraged through enabling legal frameworks, the provision of business skills development training, and improved access to finance and the ownership of capital equipment (ILO, 2008, 2016c and 2018b). Technological innovations in financial services, such as mobile money-transfer services, can facilitate access to finance at a low cost to women entrepreneurs without any collateral. The financial inclusion of women through macroeconomic tools, such as asset-based reserve requirements, development banking, and loan guarantees, can also help to empower women (ILO, 2013a).

The lack of adequate infrastructure in many rural areas – such as access to water and sanitation services or social and care services – adds a further burden to women's daily responsibilities and constitutes a major obstacle to their economic empowerment. Women's empowerment is also constrained because of their limited

² In this context, ILO Convention No. 189 recognizes the importance of ensuring that domestic workers enjoy minimum wage coverage without gender discrimination.

access to information, especially in rural areas without proper Internet access. Modern development approaches, such as those that facilitate the electrification of off-grid communities can increase the connectivity of villagers and their access to markets, services and know-how, in particular for women (see Issue Briefs Nos 5 and 6). Further, climate change-related impacts increase women's workload, as water scarcity in rural areas forces women to walk long distances in search of water. The provision of basic services and infrastructure enhances their power and agency, reduces their workload, and increases the amount of time they can spend on productive activities (ILO, 2013a; UN Women, 2015). Promoting the equal sharing of unpaid care and domestic work between men and women can also help change social norms and transform labour markets (see Issue Brief No. 3).

Access to social protection

Recent evidence shows that about 55 per cent of the world's population are not covered by social protection, and the coverage of informal workers is particularly inadequate (ILO, 2017). Contributory social security schemes usually benefit women in the informal economy less, as these schemes are linked to formal employment. As women tend to be over-represented in self-employment and toil as contributing family workers, they are less likely to contribute to social insurance schemes – and even if they do, the contributions are low and the benefits derived are minimal (Tessier et al., 2013). Social protection schemes, as well as wider social security systems, can contribute to women's economic empowerment and gender equality.

National social protection floors are an important tool for gender equality and provide an opportunity to improve equal access to social protection for men and women throughout their life cycle.³ Non-contributory benefits can also play a significant role in ensuring that women have some social protection coverage, although the outreach and the level of benefit might be low. A number of countries have implemented non-contributory social protection programmes, such as social pension programmes (e.g. the Plurinational State of Bolivia, Namibia, Nepal, South Africa), conditional or unconditional cash transfers (e.g. Argentina, Brazil, Ecuador, Ghana, Malawi, Mexico, Namibia, South Africa), employment guarantee schemes (e.g. Ethiopia, India), which have provided women with some benefits (ILO, 2011). Some unions, membership-based organizations and microfinance institutions also provide women with social security and pension benefits (e.g. the National Union of the Unions of the Workers of Benin), or health insurance and childcare (The Self-Employed Women's Association (SEWA) in India) (Schurman and Eaton, 2013). Non-contributory cash transfers also facilitate women's access to assets and other resources for entrepreneurial activities. These transfers have helped to promote economic empowerment in agriculture through the acquisition of productive assets such as livestock (e.g. in Kenya and Malawi) or other assets (FAO, 2015). However, there are also concerns that conditional cash transfer programmes might reinforce traditional gender roles (e.g. tending to livestock in rural areas) and hamper women's labour market participation (Holmes et al., 2010).

Education, skills development and training

Education is an important asset for women as it provides them with a range of positive outcomes, including a greater awareness of their rights, a greater participation in decision-making, a reduced probability of early marriage and childbearing, and access to better employment opportunities (UN Women, 2015). Globally, about 91 per cent of women in the informal economy are illiterate or have finished only primary education, while

3 See ILO Social Protection Floors Recommendation, 2012 (No. 202).

women having completed secondary and higher education are less likely to be engaged in this work (ILO, forthcoming). Women with lower levels of education tend to develop and accumulate their skills through “on-the-job” training over time – either at home, through friends and the community, or informal apprenticeships. Many of the membership-based organizations also provide skills training in a range of occupations such as domestic work, child and elder care, cooking, accounting, tailoring and construction work, as well as adult education. This can help women workers develop their skills and obtain a certification that allows them to find gainful employment and negotiate better wages.

Education has the potential of reducing the likelihood that women will work in the informal economy – but this, of course, is also contingent upon the availability and quality of jobs available in the labour market. Evidence suggests that education also helps to improve workers’ earnings: wages tend to increase by 10 per cent for every additional year of primary school, 15–25 per cent for each additional year of secondary school, and nearly 17 per cent for tertiary education (Hunt and Samman, 2016). Proactive policies, which ensure that girls have equal access to educational opportunities from early childhood and place greater value on skills and lifelong learning, might help to change social norms and empower women.

Support for care work

Care work is important for both individual and societal well-being. Women undertake a greater number of hours of unpaid care work than men (e.g. household chores and care provision) (ILO, 2016b). As a result, they may be more likely to take on low-quality jobs in the informal economy that allow them to attend to these care responsibilities. Promoting the equal sharing of unpaid care and domestic work between men and women can help change social norms and transform labour markets. Similarly, the provision of public care services can be an important way of ensuring that women are able to take advantage of job opportunities in the formal economy (see Issue Brief No. 3).

Representation and collective action

Women in the informal economy may face particular obstacles in attempting to organize collectively. They may work in dispersed workplaces (e.g. households), making it difficult to organize. In addition, trade unions may not have the institutional resources to organize this category of workers. There is a need to look for innovative and new ways to overcome these challenges, so that women in the informal economy can be empowered to improve their own livelihoods. New collective solidarities have been emerging between trade unions and other organizations to advance the interests of women in the informal economy. Over the past decades, women in the informal economy have joined unions, formed new community-based organizations, or created cooperatives.⁴

These organizations have advocated for regulatory changes, including a minimum wage and fixed hours of work. They have provided education and other capacity-building services, given legal assistance, and supported women workers to gain access to health care. Some have also provided development services such as credit insurance and other livelihood support programmes. These efforts have gone some way towards restoring dignity and delivering social justice to these economically marginalized workers (Webster, 2015). There has also been an expansion of collective solidarities through alliances between NGOs and trade unions, for example trade unions and organizations

4 According to the WIEGO (Women in Informal Employment: Globalizing and Organizing) Organization and Representation Database (WORD), there are at least 238 informal economy associations in Africa; 248 in Asia-Pacific; 241 in Latin America and the Caribbean, which include membership-based organizations (MBOs), community-based organizations (CBOs), cooperatives, non-governmental Organizations (NGOs) and trade unions (Chen et al., 2015).

supporting domestic workers. The International Domestic Workers Network (IDWN) and the Asian Domestic Workers Network (ADWN) have been strongly supported by International Union of Food and Allied Workers (IUF), especially during the advocacy of the adoption of the ILO Domestic Workers Convention (No. 189), which was adopted in 2011. While there is a clear desire for organization and collective action in this area, these initiatives remain diffuse and limited in scope.

Since the majority of SMEs in the world are informal, their organization and affiliation to employers' organizations is also key. Some informal operators, for example taxi owners in South Africa, have organized themselves into associations and become affiliated to employers' organizations. Employers' organizations can play a pivotal role in helping informal entrepreneurs to access information on regulations and market opportunities, as well as facilitating their access to finance, technology and other resources. They can also provide other services, such as business skills, accounting and occupational safety and health management training, which can help these workers transition from the informal to the formal economy (ILO, 2013b).

Some considerations

While some progress has been made towards empowering women in the informal economy, these workers still face a number of structural constraints. It is clear that increasing levels of economic development do not automatically lead to women's empowerment, and there is a call for concerted and targeted efforts that prioritize their needs (Kabeer and Natali, 2013; ILO, 2016b). There is also a need for an integrated policy approach. This raises a number of questions:

- How can the voices of workers in the informal economy be better reflected in policy-making? When it comes to choosing priorities for public spending, how can we ensure that the interests of women working in the informal economy are represented, so that we can guarantee them an adequate provision of services, infrastructure and social security?
- How can technology be used more effectively to facilitate access to credit?
- How can we extend social protection to all those working in the informal economy, including those who are engaged in unpaid work?

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