Entrepreneurship in Informal Employment
Gender Perspective

Joann Vanek
WIEGO Network
Technical Meeting on Measuring Entrepreneurship from a Gender Perspective: Taking Stock of Available Evidence and Research
5-6 December 2013
Women Informal Entrepreneurs

• Who are they, what do they do?

• Why are we concerned?

• What constraints and risks do they face?

But first a few facts about employment in the informal economy…

--see http://wiego.org/informal-economy/statistical-picture
Informal Employment = more than half of non-agricultural employment in most developing regions

South Asia: 82%
range: 62% in Sri Lanka to 84% in India

Sub-Saharan Africa: 66%
rangle: 33% in So. Africa to 52 % in Zimbabwe to 82% in Mali

East and Southeast Asia: 65%
range: 42% in Thailand to 73% in Indonesia

Latin America: 51%
range: 40% in Uruguay to 75% in Bolivia

Middle East and North Africa: 45%
range: 31% in Turkey to 57% in West Bank & Gaza

Eastern Europe & Central Asia: 10%
range: 6% in Serbia to 16% in Moldova
In 3 (of 6) Regions + Urban China, Informal Employment is a Greater Source of Employment (non-agric.) for Women than for Men, 2004-2010

- **South Asia**
  83% women, 82% men

- **Sub-Saharan Africa**
  74% women, 61% men

- **Latin America and the Caribbean**
  54% women, 48% men

- **Urban China**
  36% women, 30% men

- **East and Southeast Asia**
  (excluding China)
  64% women, 65% men

- **Middle East and North Africa**
  35% women, 47% men
Informal Self Employment as Per cent of Non-agricultural Informal Employment 2004-2010

Sub-Saharan Africa
76% women, 58% men

East and Southeast Asia (excluding China)
61% women, 44% men

South Asia
58% women, 51% men

Latin America and the Caribbean
51% women, 52%, men

Urban China
48% women, 53% men

Eastern Europe and Central Asia
28% women, 48% men
Informal Self-employment and Social Class

• Self-employment is heterogeneous, including:
  - by employment status: employers + own account
    + unpaid contributing family workers
  - by class: entrepreneurial non-poor (mainly employers) + working poor (most own account operators and unpaid family workers)

• Women are mainly own-account workers and unpaid family workers (the working class) and few are employers (the entrepreneurial class)
Informal Own Account Workers as Per Cent of Informal Employment by Sex 2004-2010

Sub-Saharan Africa
60% women, 47% men

Latin America and the Caribbean
41% women, 43% men

East and Southeast Asia (excluding China)
38% women, 31% men

South Asia
32% women, 41% men

Urban China
27% women 32% men

Eastern Europe and Central Asia
20% women, 41% men
Contributing Family Workers and Employers

- The second largest category is contributing family workers comprising from 5 per cent of informal employment in Eastern Europe and Central Asia to 12 per cent in South Asia
  - percentage of women contributing family workers is about twice that of men in all regions except Eastern Europe and Central Asia where it is three times greater than men’s

- Few workers are employers: 2 per cent in sub-Saharan Africa, Eastern Europe and South Asia to 9 per cent in East and Southeast Asia (excluding China), but as high as 16 per cent in urban China
  - very few women in informal employment are employers: 0 per cent in South Asia, 1 per cent in sub-Saharan Africa, Eastern Europe and Central Asia, 2 per cent in Latin America/ Caribbean, 9 per cent in East/ Southeast Asia (excluding China) and 12 per cent in China
WOMEN INFORMAL ENTREPRENEURS: WHO ARE THEY? WHAT DO THEY DO?

• Occupation or Sector:
  – petty trade and commerce: especially sale of fresh and cooked food
  – light manufacturing: notably textiles, garments, and craft manufacturing
  – food and beverage processing: including liquor brewing in some societies
  – personal services: e.g. beauticians

• Employment Status:
  – relatively few owner-managers who hire others
  – many own-account operators in single-person or family enterprise
  – many industrial outworkers producing under sub-contracts for supply chains
  – many unpaid contributing workers in family businesses
  Note: in many societies, women are seen or treated as unpaid contributing family workers even when they are the de jure or de facto head of the family businesses

• Size: concentrated in smallest enterprises without hired workers

• Place of Work: often the home
WOMEN INFORMAL ENTREPRENEURS: WHY ARE WE CONCERNED?

# 1 Entrepreneurship – broadly defined - is a major source of employment for women

# 2 Women-run enterprises and women’s earnings contribute to…

- **Household Welfare:** to family income and welfare
  - daily cash flow of households
  - female-headed households

- **Gender Equity and Women’s Empowerment:** women’s status and ability to control their own well-being

- **Economic Growth:** although small in size, women’s informal enterprises are numerous, represent large share of all enterprises in many countries, and contribute to growth vs usual position of looking at these only in terms of consumption
INFORMAL ENTERPRISES: COMMON AND WOMEN’S SPECIAL CONSTRAINTS

• **Constraints common to all informal enterprises:** these tend to be particularly severe for female informal enterprises
  – **limited access to resources:** productive assets + financial services + skills/education
  – **limited access to business development services:** especially innovation and competitiveness enhancing services + clusters + networking and inter-firm linkages
  – **limited access to infrastructure:** *basic* infrastructure (water, electricity, sanitation) + *public* infrastructure (roads, communication) + *business* infrastructure (backward and forward linkages)
  – **unfair or hostile wider environment:** macro-economic conditions, sector policies, procurement bids, laws, and regulations

• **Additional constraints specific to women entrepreneurs:** these constraints are often more severe for female *informal* entrepreneurs than for women *formal* entrepreneurs
  – **limited property rights:** due to which women have fewer productive assets + less collateral to leverage capital
  – **gender division of labor:** by which women are seen to be the primary care givers + responsible for child rearing and domestic chores + responsible for daily cash flow of the household (which subsidizes the search for higher-return activities by men)
  – **norms of modesty:** which restrict women’s physical mobility and interactions with strangers
INFORMAL ENTERPRISES: COMMON AND WOMEN’S RISKS

• **Risks common to all enterprises:** exposure to these risks tends to be higher for informal enterprises than for formal enterprises + female entrepreneurs often have a harder time, than male entrepreneurs, coping with common risks
  – *seasonality and natural disasters:* associated with the weather
  – *volatility in the market and economy:* demand, competition, prices, exchange rates, depreciation
  – *business risks:* lack of contract enforcement + bankruptcy protection + negative return on investment
  – *uncertain or unpredictable environment:* policy, law, and regulation enforcement + general “law and order” situation
  – *uncertain or unpredictable basic infrastructure:* water, electricity supply
  – *idiosyncratic crises and emergencies:* illness and accidents + fires and robberies + costly life-cycle events (marriages and deaths)

• **Additional risks specific to women’s entrepreneurs:** exposure to these risks is often higher and the ability to cope is often lower for female informal entrepreneurs than for female formal entrepreneurs
  – *care responsibilities:* when other members of the family fall sick or become disabled
  – *verbal harassment:* by family, kin, or neighbors for working outside the home
  – *sexual harassment:* in the marketplace or by business partners