

---

## 72 The empowerment trap: gender, poverty and the informal economy in sub-Saharan Africa

*Kate Meagher*

---

The ongoing expansion of the informal economy in the face of liberalisation and globalisation has fuelled debates about whether women's increased participation in informal economic activity contributes to their empowerment or to their impoverishment. Economists and economic anthropologists have tended to see the informal economy as a source of economic opportunity for women in a sphere free of the gender-biased regulations of the formal economy (USAID, 2005). By contrast, more critical feminist and political-economy analyses have argued that the informal economy represents a poverty trap for women, concentrating them in low-skill, low-income activities with little prospect of advancement (see Chant and Pedwell, 2008; Chen et al., 2006; Sassen, Chapter 2, this volume, for discussions and references).

In the past decade, statistical surveys confirm a significant increase in women's informal sector participation, leading to what has been called the 'feminisation of informal labour' (Chant and Pedwell, 2008: 13). Across Africa, Asia and Latin America, 70 per cent of women in the non-agricultural labour force are informally employed, compared with less than 60 per cent of men (USAID, 2005: 18). This feminisation of informality is particularly pronounced in sub-Saharan Africa, where 84 per cent of women are in informal employment, as against 63 per cent of men. However, rising informal economic participation has been accompanied by an intensification rather than a reversal of gender disparities in income, economic opportunity and burdens of reproductive labour. Studies have shown that the gender disparity in income is higher in the informal economy than in the formal economy, for the self-employed as well as for wage workers, owing to differential access to capital and skills, and gender segregation of informal labour markets. A recent review of studies on gender and informality by the International Labour Organisation (ILO) reveals that in Latin America, women earn 64 per cent of men's wages in the *formal* economy, but only 52 per cent of men's wages in the *informal* economy (Chant and Pedwell, 2008: 6).

Attempts to address the link between gender, informality and poverty reflect the diversity of ideological perspectives on the role of the informal economy in development. Free market perspectives continue to represent the informal economy as a sphere of women's empowerment, and advocate the removal of cultural, legal and economic barriers that impede women's access to the full benefits of informal market opportunities. More critical perspectives argue that alleviating women's poverty requires reducing rather than promoting women's participation in informal activities. Indeed, reducing women's reliance on informal work was identified as a strategic priority for the realisation of the third Millennium Development Goal (MDG) of 'promoting gender equality and empowering women' (Chant and Pedwell, 2008: 13).

Debates about the impact of informality on women must begin with a clear

understanding of what the informal economy is. While the concept has been much debated, significant consensus has emerged among contemporary scholars and activists. During the 1990s, definitions focused on unregistered firms and their employees, but an extended definition was adopted by the ILO in 2002 which includes all workers, in formal or informal firms, who operate outside the framework of state regulations (Chen et al., 2006: 2132). This includes employers, workers and own-account workers in unregistered enterprises, as well as industrial outworkers and employees in registered firms who are excluded from statutory labour protection (see also Chen, Chapter 71, this volume).

This chapter explore gaps and new directions in the theorisation of the link between gender, informality and poverty, with a particular focus on sub-Saharan Africa, where women have the highest levels of informal sector participation (see Chen, Chapter 71, this volume). It will advocate a more dynamic perspective, which moves away from a focus on removing gender-based obstacles to women's economic advancement, towards an analysis of the how the dynamics of gender and informality are shaped by wider macroeconomic processes and power structures in ways that systematically disadvantage women. The exploration of more effective theoretical directions will be accompanied by reflections on implications for research and policy.

### **Informality and gender-based obstacles to empowerment**

Conventional interpretations tend to regard gender-based disadvantage within the informal economy as a product of obstacles to full economic participation in informal economic opportunities. Despite mounting evidence of gender inequalities in the informal realm, economists maintain that informal economic participation offers women a sphere of economic and social empowerment as well as contributing to greater poverty alleviation at the household level (USAID, 2005). Informal employment is seen as an ideal solution to the 'double burden' of economic and domestic responsibilities, providing women with more flexible forms of employment that can be adapted to household and childcare demands. The source of inequality is not seen to lie in informal market dynamics, but in market failures caused by discriminatory legal regulations and cultural norms. Economic explanations argue for the need to remove legal and cultural obstacles to women's access to assets, credit, skills and lucrative informal activities in order to unleash the empowering effects of the informal economy. In short, what is needed is to free-up markets in order to maximise women's ability to benefit from informal economic opportunities, supplemented by targeted microfinance, education and social services to rectify gendered inequalities in access to skills and credit.

While identifying genuine constraints to women's economic empowerment within the informal economy, market liberal interpretations tend to ignore the deeper economic and social dynamics governing how these constraints operate. Their rather tautological assumption that women's empowerment in the informal economy only requires stripping away obstacles to fuller participation glosses over mounting evidence that women's increased informal participation is concentrating them in 'survivalist' rather than 'growth' activities owing to the constraints of women's reproductive responsibilities and the gendered structure of informal labour markets (Chant and Pedwell, 2008; Chen et al., 2006; see also Casier, Chapter 94, this volume).

In contrast to market liberal perspectives, feminist economics contends that freer access to informal labour markets will not eliminate the disadvantages arising from male-biased

institutions. As Elson (1999) explains, labour markets are ‘bearers of gender’, embodying and transmitting gender inequalities in ways that systematically disadvantage women, even when constraints on market participation are removed. Feminist analyses were quick to highlight how neoliberal economic reforms increased rather than alleviated women’s economic disadvantage by intensifying demands on women’s unpaid labour as states withdrew from social service provision, turning the ‘double burden’ into a ‘triple burden’ of domestic labour, income generation and voluntary provision of social welfare services (Elson, 1999). The disadvantaging effects of informal employment on women require attention to deeper social and legal constraints that structure markets and patterns of resource control. Recent research on the gendered operation of labour markets highlights the tendency of informal employment to concentrate women in a narrow range of increasingly saturated, low-income activities, owing to women’s domestic responsibilities, unequal access to skills and resources, and the gender division of labour within the informal economy (Chant and Pedwell, 2008; Chen et al., 2006). It is also noted that women often lack control of the incomes they earn owing to pre-emptive claims of male household members and increasing responsibilities for household maintenance, raising questions about the empowering effects of informal employment and microcredit (Elson, 1999; see also Mohamed, Chapter 86, this volume; Mutalima, Chapter 93, this volume). Despite their deeper focus on the gendered institutional dynamics of markets, feminist perspectives tend to understand empowering women in terms of freeing them from the constraints of male power as well as barriers to market entry.

#### **Increasing access to informality: empowerment or exposure?**

The big question is whether prying women free of male-dominated institutions empowers women or exposes them. Leveraging women’s access to income, credit, land and other assets free of male intermediation at the household and community level strips away institutional protection as well as constraints, subjecting women directly to the discipline of the free market. The intensive focus on the constraints of gendered institutions tends to ignore their risk-reducing role, particularly within the informal economy. In most African societies, gendered informal institutions regulate complex use and inheritance rights over landed as well as non-landed property which embed economic rights for women within the household and lineage (see Rakodi, Chapter 54, this volume). While not granting women the same rights as men, the differences are as much risk-minimising as discriminatory – a reality substantiated by the greater vulnerability of most female-headed households. The contemporary disadvantages faced by African women have more to do with the gendered effects of wider economic and political pressures on local institutions than with the inherently oppressive character of those institutions.

Indeed, the effect of stripping away gendered ‘constraints’ to informal employment and economic decision-making within the household has been more disempowering than liberating, particularly for poor women. Research has shown that informal employment and targeted microcredit have produced an increasing transfer onto women of the burdens of social reproduction abdicated by the state and by poor men, leading to what Saskia Sassen (2002) has called ‘the feminisation of survival’ (see also Sassen, Chapter 2, this volume). Amid the depredations of economic restructuring, the growing role of women as ‘breadwinners’ through increased informal income-generation and more direct access to credit have tended to increase women’s share of reproductive responsibilities,

diminish their control over income, and intensify rather than alleviate women's economic vulnerability in the face of diminishing male household contributions (see Chant, Chapter 15, this volume; also Sassen, Chapter 2, this volume). Elson (1999: 618) refers to this as one of the 'gender paradoxes of restructuring' in which economic empowerment through the informal economy has placed women increasingly at the mercy of global market forces, deepening their vulnerability to poverty. She highlights the need to direct attention beyond the household and national regulatory systems, to the 'command and control structures of the economy' at the global level.

### **Gender, informality and macroeconomic process**

The counter-intuitive effects of increased informal economic participation on women's poverty and vulnerability have shifted analytical attention from 'constraints' at the level of the household and the state, to a consideration of the gendered effect of wider macroeconomic processes. New research on gender and informality emanating from the ILO and from gendered research on global value chains, focuses on the gender dynamics of wider processes of global economic change, with specific attention to informal labour markets, global commodity chains and transnational livelihood networks (Barrientos et al., 2003; Pearson, Chapter 64, this volume; Sassen, 2002). Detailed empirical studies explore the impact of new pressures and opportunities on the gendered structure of informal labour markets, as well as tracing the gendered effects of regulatory practices within global commodity chains. These studies show that the effects of global and national economic change have not been to limit women's entry into labour markets, but to incorporate them on worse terms, pushing them into more temporary and vulnerable employment within the informal economy, while excluding them from some of the more lucrative opportunities opened up by globalisation and liberalisation.

These gendered processes of global economic change have played themselves out in distinctive ways in different regions. In African societies, where women's informal economic participation is the highest of any region, many of the most lucrative informal economic opportunities are absent (USAID, 2005). Africa is largely marginalised from global commodity chains involved in manufacturing or data processing, which offer the most advantageous informal employment opportunities for women, but has experienced a significant feminisation of labour in high value agricultural commodity chains for such commodities as fresh flowers, and fresh fruit and vegetables. In Kenya, South Africa and Zambia, which have the most rapidly growing high value agricultural export industries, women make up 50–75 per cent of the agricultural labour force, but are concentrated in the most vulnerable and temporary segments of the chain (Barrientos et al., 2003: 1514).

Outside of agriculture, informal employment opportunities for African women are heavily concentrated in domestic labour, petty trade, and local crafts. Contrary to prevailing assumptions, economic restructuring has precipitated changes in the gender division of labour within informal labour markets across Africa, but these have also tended to increase rather than alleviate women's disadvantage. In the face of high unemployment and intense competition within the informal economy, men have begun to shift into more lucrative women's informal opportunities, such as women's tailoring and informal cosmetics manufacturing in West Africa, and beer-brewing in East Africa (Chant and Pedwell, 2008). Conversely, women are shifting into men's informal activities at the

lower end, appearing as employees in the male preserves such as informal auto mechanics. While this represents an erosion of gender segregation within informal labour markets, it is occurring in a way that depresses women's income-generating possibilities, while improving those of men.

In many parts of Africa, informal livelihoods have gone global, triggering a proliferation of transnational informal economic networks, but once again women have been largely concentrated at the most vulnerable, low-income end of these activities. Celebratory references to the 'Mama Benz' trading networks in West Africa gloss over the fact that most of Africa's dynamic global trading networks, such as the Hausa networks of Nigeria, the Mouride networks of Senegal, and the Somali *hawala* (informal money broker) networks, are exclusively male. By contrast, the most rapidly expanding sources of transnational informal employment for African women have revolved largely around 'global care chains' for unregistered domestic labour or care of the elderly, and global prostitution networks associated with rising levels of female trafficking (Meagher, 2001; Pearson, Chapter 64, this volume; Sassen, 2002, and Chapter 2, this volume).

What is clear from the African case is that the dynamics of informality and gender are not just about access to informal employment, but about the wider power structures and institutions that govern how various groups are incorporated into the labour market. As many have argued, the rules of the game within the informal economy are increasingly being set by international financial institutions and multinational corporations at the head of global commodity chains rather than by local norms and legal systems (see for example, Barrientos, Chapter 67, this volume).

### **Implications for research and policy**

Moving from a focus on constraints to informal economic participation, to a concern with the gendered dynamics of power and process, has important implications for research and policy. A reorientation of both quantitative and qualitative research on informality and gender is needed in order to bring to light the invisible workers and hidden processes that are turning the informal economy from an opportunity into a poverty trap for women. Through a clear focus on issues of power and process, research can inform new policy directions that avoid the limitations and unintended consequences of current efforts.

Three areas of research on gender and informality have been singled out as requiring particular attention. In order to increase the visibility of informal workers to policymakers, there has been a vociferous demand for improved statistical research on informal employment (Chant and Pedwell, 2008; Chen et al., 2006). Great strides in statistical data collection on gender and informality have been made, particularly within the ILO and Women in Informal Employment: Globalising and Organising (WIEGO). However, activist researchers emphasise that more and better quantitative information is needed, particularly in the developing world, disaggregated by sex, and accompanied by greater effort to include women's particularly invisible activities such as industrial homework and other informal activities concealed within the home.

In addition to improved quantitative research, Chant and Pedwell (2008: 11) have called for greater qualitative research that traces the processes shaping gendered inequalities within the informal economy. While quantitative indicators can reveal correlations, qualitative tools are needed to assess the interplay of root causes and cross-cutting

factors such as class, race, ethnicity or generation within particular contexts. A more fine-grained focus on process is essential to understanding the complexities of social divisions and power relations through which gendered inequalities are produced within the informal economy.

Finally, research on informal labour markets and global commodity chains has indicated the importance of a more concerted focus on the role of macroeconomic institutions in understanding the links between gender, informality and poverty. There is a need for research that traces the gendered effects of macroeconomic structures and macro-regulatory systems linking informally employed women in Third World countries with the international financial institutions (IFIs), global corporations and national economic reforms that ultimately govern informal employment dynamics. Uncovering these invisible linkages between global economic governance and informal outcomes is as important to tackling gender inequalities as reducing the invisibility of vulnerable women workers.

By bringing the complexities of global regulatory structures and power relations into view, it is possible to move beyond the current situation in which well-intentioned policy efforts often reinforce rather than reduce women's disadvantage within the informal economy. As Chen et al. (2006: 2137) make plain, a 'technical fix' based on microcredit and targeted social policy may address immediate obstacles to women's informal economic participation, but they do nothing about the wider economic processes that put vulnerable women workers increasingly at the mercy of global market forces beyond their control. More promising policy directions lie in the 'rights-based' approach advocated by the ILO and WIEGO, which emphasises the importance of enhancing the political voice of informally-employed women through support for collective organisation and greater representation in policy-making.

### Select bibliography

- Barrientos, Stephanie, Catherine Dolan and Anne Tallontire (2003) 'A gendered value chain approach to codes of conduct in african horticulture', *World Development*, **31** (9), 1511–26.
- Chant, Sylvia and Caroline Pedwell (2008) *Women, Gender and the Informal Economy: An Assessment of ILO Research and Suggested Ways Forward*, International Labour Organisation (ILO) Discussion Paper, Geneva: ILO.
- Chen, Martha, Joann Vanek and James Heintz (2006) 'Informality, gender and poverty: a global picture' *Economic and Political Weekly*, 27 May, 2131–9.
- Elson, Diane (1999) 'Labour markets as gendered institutions: equality, efficiency and empowerment issues', *World Development*, **27** (3), 611–27.
- Meagher, Kate (2001) 'Throwing out the baby to keep the bathwater: informal cross-border trade and regional integration in West Africa', in *Regionalism and Regional Integration in Africa. A Debate of Current Aspects and Issues*, Discussion Paper 11, Uppsala: Nordiska Afrikainstitutet.
- Sassen, Saskia (2002) 'Women's burden: counter-geographies of globalisation and the feminisation of survival', *Nordic Journal of International Law*, **71**, 255–74
- United States Agency for International Development (USAID) (2005) *Gender and Pro-Poor Growth*, Tools and Key Issues for Development Studies, Washington, DC: USAID.