



UN SECRETARY-GENERAL'S  
HIGH-LEVEL PANEL ON  
WOMEN'S ECONOMIC EMPOWERMENT

---

# IMPROVING PAY AND WORKING CONDITIONS FROM THE PERSPECTIVE OF THE INFORMAL ECONOMY

September 2016

Sally Roever and Mike Rogan  
WIEGO

A POLICY BRIEF FOR THE UN  
SECRETARY-GENERAL'S HIGH-LEVEL  
PANEL ON **WOMEN'S ECONOMIC  
EMPOWERMENT**

The HLP Full Report, additional policy briefs, case studies and papers can be found at: [www.WomensEconomicEmpowerment.org](http://www.WomensEconomicEmpowerment.org)

@UNHLP #HLP #WomensEconomicEmpowerment

Copyright © Secretariat, UN Secretary-General's High-Level Panel on Women's Economic Empowerment 2016.

## **INTRODUCTION**

Existing research on pay and working conditions in informal employment tends to mask a large degree of heterogeneity. Generally, large data sets such as national labour force surveys tell us that informal earnings are, on average, lower than formal earnings. There is, however, substantial variation in earnings (and working conditions) both within and between sub-groups based on gender, age, occupation, and employment status that remain unexplored.

At the individual level, informal workers' earnings are highly irregular. Earnings among the self-employed fluctuate from day to day or week to week depending on the number of hours worked, volume of goods sold, and costs incurred. Earnings for informal wage workers and sub-contractors can be irregular as well due to variations in hours worked, delayed payment or non-payment of wages and piece-rates. For these reasons, conceptualizing earnings and working conditions among the informally employed requires greater nuance that takes into account these and other complexities.

WIEGO has developed and tested a multi-segmented model of informal employment defined in terms of status in employment. In this model, own-account, irregular wage and contributing family workers typically have lower earnings and higher household poverty rates, while regular wage workers and employers have higher earnings and lower household poverty rates. Beyond wages, the quality of informal work also greatly depends upon working conditions—including the risks, costs and level of social protection associated with the work. However, certain kinds of costs and risks that are common to informal workers—such as injuries and illnesses incurred in the work process, or work hours lost to avoiding or resisting harassment—typically are not factored into standard approaches of measuring earnings.

This policy brief presents a picture of the range of earnings and working conditions of informal workers in ten cities across three occupational sectors: street vendors, home-based workers and waste pickers. The data are drawn from the Informal Economy Monitoring Study (IEMS), a quantitative and qualitative study of working conditions among informal workers in African, Asian and Latin American cities. The study was conducted in conjunction with membership-based organizations (MBOs) made up of workers from each city. The IEMS city-level samples were designed to be as representative as possible of the MBO membership.

### **I. EARNINGS**

Earnings are notoriously difficult to measure among workers who lack formal contracts or regular wages and whose work-related expenditures are inconsistent and unpredictable. The IEMS measured earnings of workers in all three occupational groups by conducting a survey consisting of seventeen-questions related to income and expenditure. The qualitative findings were then used to help interpret the quantitative results. Recognizing the heterogeneity within informal employment, the study systematically compared results by occupational sector, sex, and employment status—the three salient dimensions along which working conditions in informal employment vary.

#### I.I. Earnings by Sector and Sex

Among study participants, earnings varied by both occupational sector and sex (Table 1). Home-based workers were by far the lowest earnings group: a typical home-based worker was found to earn USD 32 per month, and almost a third reported earning two-thirds less than that. Earning just over a dollar a day, these workers—most of whom are sub-contracted—stated in focus groups that their incomes were also unstable, due to fluctuations in demand and prices, unpredictable value chain dynamics, and poor housing and infrastructure — for example, when raw materials are damaged by rainwater through floods or leaking roofs, or when unstable electricity prevents them from delivering finished goods on time, resulting in wage penalties (Chen 2014).<sup>1</sup>

**Table 1. Median (typical) Monthly Earnings by Sector and Sex (%)**

	<b>Home-based Workers</b>	<b>Street Vendors</b>		<b>Waste Pickers</b>	
	<b>Women</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
Median monthly earnings (unadjusted USD- 2012 prices)	32.30	87.09	97.24	75.84	96.24
% Who earn less than 2/3 of their city-sector median	32.44	36.70	34.78	29.51	20.24
<b>N</b>	434	484	186	367	279

Source: IEMS data 2012 (WIEGO)

Both men street vendors and waste pickers reported earning more than women working the same jobs. Median monthly earnings were USD 97 (men) compared to USD 87 (women) for street vendors and USD 96 (men) compared to USD 76 (women) for waste pickers. In addition, among waste pickers, about 30 per cent of women compared to 20 per cent of men made less than the median income.

### I.II. Earnings by Employment Status, Age Group and Marital Status

The IEMS sample consisted mostly of self-employed own-account workers in all three occupational groups, plus a smaller share of sub-contracted home-based workers and waste pickers that belonged to cooperatives. Among own-account operators (i.e. those who are self-employed and do not hire employees) median monthly earnings were highest among street vendors (about USD 85 per month) followed by waste pickers (USD 70) and home-based workers (USD 64). There were not enough employers in the IEMS sample to make a statistically meaningful comparison of own-account workers. The near total absence of employers within the IEMS sample is in itself a significant finding. While mainstream policies and project interventions tend to target those with growth potential (i.e. employers or potential employers) the MBO partners in the study lack members who fall in that category – as does the broader population of informally self-

<sup>1</sup> The IEMS sample of home-based workers consisted only of women, because the MBO partners—HomeNet Thailand (Bangkok), HomeNet Pakistan (Lahore) and the Self-Employed Women’s Association (Ahmedabad) have only women members. It was therefore not possible to measure the extent to which a gender gap in earnings exists within the home-based work sector.

employed persons.

Within sectors, employment status varied dramatically. Among home-based workers—of whom 29 per cent were own-account workers and 71 per cent were sub-contracted—own-account workers reported earning more than twice as much as home-based sub-contractors (USD 63.50 and USD 28.50, respectively). Sub-contracted workers reported in focus groups that they earned very low piece rates, had little bargaining power, and often were never fully compensated for their work (Chen 2014). Some reported that contractors would occasionally delay payments or simply not pay for work completed.

**Table 2. Median (typical) Monthly Earnings (unadjusted USD) by Status in Employment, Age, and Marital Status**

	Home-based Workers	Street Vendors	Waste Pickers
<b>Status in employment</b>			
Own-account Operator	63.50	85.45	70.20
Sub-contracted worker	28.50	---	---
Co-operative member	---	---	296.22
<b>Age group</b>			
15-24	31.35	27.63	72.18
25-34	25.95	73.13	82.49
35-44	31.61	84.24	84.39
45-54	34.20	120.96	132.84
55+	51.84	151.60	85.50

Note: The ICSE categories of employer, contributing family worker, and employee are omitted from the table because the sample does not contain any observations in these categories

Median earnings among waste pickers part of cooperatives were more than four times as much as own-account workers. Cooperatives can boost earnings by providing collective space for sorting and storage; collective management of waste collection routes; and representation between waste pickers and building managers or residents that facilitates access to sources of waste (Parra 2015; Dias and Samson 2016). They also help mediate waste pickers' relations with local authorities, in some cases providing uniforms and/or identification cards for waste pickers so that they can avoid harassment and confiscations.

Only among street vendors did earnings consistently and significantly increase with age: a typical street vendor under the age of 24 earned on average USD 28 a month, while a comparable street vendor over the age of 55 earned nearly six times as much. Earnings among home-based workers were consistently lower across age groups, with the exception of those over 55. Among waste pickers, typical earnings were lowest among workers under the age of 24 and highest among those in their late 40s and early 50s.

The IEMS data also showed that women were more likely to earn lower incomes. More specifically, two-thirds of women earned less than the city-sector median. This gap was particularly pronounced in the oldest age category (age 55 and over), where 40 per cent

of women street vendors (compared to 26 per cent of men) earned less than two-thirds their city-sector median, and where nearly half of women waste pickers (47 per cent, compared to 38 per cent of men) earned less than two-thirds of their city-sector median.

Among waste pickers, a gender gap was evident in every age category. The percentage of workers that earned less than two-thirds of their city-sector median was also higher for older home-based workers. Except for male waste pickers, widows were found to be more likely than other marital status groups to be concentrated below two-thirds of the city-sector median.

**Table 3. Percentage of workers who earn less than 2/3 of median earnings in their city by age and marital status (%)**

	Home-based	Street Vendors		Waste Pickers	
	Workers	Women	Men	Women	Men
<b>Age group</b>					
15-24	25.64	48.28	50.00	31.11	17.31
25-34	29.85	40.00	37.10	29.36	17.36
35-44	28.00	34.39	34.72	26.72	22.86
45-54	36.29	32.45	36.11	20.00	16.67
55+	40.91	40.21	25.81	46.97	37.50
<b>Marital status</b>					
Married/cohabit	31.23	36.71	28.86	27.49	20.11
Divorced	15.38	35.71	42.86	25.71	23.53
Widowed	48.08	43.14	100.00	36.54	11.11
Never married	27.08	34.78	48.98	32.00	20.83

Home-based workers and waste pickers generally reported earning low wages. Street vending, by contrast, was found to be more of a high risk, high-reward occupation: while over a quarter of street vendors operated at a loss, around one third earned more than USD 200 per month. Notably, market trade was found to be more profitable than street vending, especially in privately owned markets. The results indicate that private market vendors earn five to ten times as much as street vendors. Despite this, gender gaps were found to be smaller for street vendors than vendors working in private markets. While men in private markets reported earning more than twice as much as women, among street vendors, there was a very small gender gap. Fifty-three per cent of women compared to 51 per cent of men earned less than USD 100 per month, while 32 per cent of women compared to 36 per cent of men earned more than USD200 per month.

### I.III. Household Sources of Income and Risk

Earnings from informal work must also be understood in the context of workers' households. For IEMS participants the average household size was about five people, and just 10 per cent of the 1,944 study participants reported living in households that relied on formal wage employment as the main source of household income. In contrast, 82 per cent reported relying on earnings from informal work.

**Table 4. Main Source of Household Income, by Sector (%)**

	Home- Based	Street Vendors		Waste Pickers		Total
		Women	Men	Women	Men	
Own informal work	27.13	59.43	90.29	58.82	73.59	57.61
Informal work of others	51.12	22.64	3.40	18.82	10.68	24.23
Formal	21.08	7.92	3.40	7.53	8.01	10.39
wage Other	0.67	10.00	2.91	14.82	7.72	7.77
N	446	530	206	337	425	1944

Source: IEMS survey data (2012).

Moreover, only a small percentage of study participants reported living in households that depended on government transfers, remittances and other sources of income. Among home-based workers, all based in India, Pakistan and Thailand, less than 5 per cent reported having household access to additional sources of income. Household access to government grants, including child support grants, was more common for women than men street vendors and waste pickers, largely because similar transfers were common for both worker groups in Durban, South Africa (Mkhize, Dube and Quazi 2014; Mkhize, Dube and Skinner 2013). Yet overall, only thirteen per cent or less received such transfers.

**Table 5. Household Access to Other Sources of Income, by Sector (%)**

	Home- Based Workers	Street Vendors		Waste Pickers		Total
		Women	Men	Women	Men	
Government grants	3.38	17.89	6.86	21.93	10.42	13.00
Remittances	4.74	12.96	8.00	2.87	5.69	7.06
Child maintenance	3.13	8.30	1.94	6.64	1.79	4.95
Other	3.80	5.43	10.63	5.15	4.14	5.33
N	443	531	204	418	334	1930

Source: IEMS survey data (2012). “Other” includes unemployment insurance, worker’s compensation, rental income, or retrenchment package.

Less than 10 per cent of people reported living in households with workers with access to a pension, and less than one third reported having household access to health care or insurance —of that one third, nearly all live in a country with universal health care or insurance programs. When earnings from informal work temporarily decreased or were lost due to unpaid wages, confiscations or slow sales, participants reported that they were unable to cover the costs of food, school fees, doctors’ visits or medicine (Chen 2014, Roever 2014).

**Table 6. Household Access to Social Protection, by Sector (%)**

	Home-Based	Street Vendors		Waste Pickers		Total
	Workers	Women	Men	Women	Men	
Pension	12.81	9.74	6.28	5.85	2.98	8.07
Health care/insurance	37.30	23.60	16.91	34.43	29.76	29.93
N	445	534	207	427	336	1949

Per cent of workers who reported that they or a member of their household has access to a pension or health care or insurance.

## II. WORKING CONDITIONS

### II.I. Enterprise Risks and Constraints

In addition to low and irregular earnings, informal workers often face very poor working conditions. Street vendors, in particular, reported having to work very long hours to support their families. About a fifth of street vendors in the total sample stated they needed an additional income generating opportunity that on average required 20 extra hours of work a week. Incomes for street vendors are also inconsistent and if such a worker is not able to work, there are usually not others who can help. Accordingly, more than half of the study participants in each sector reported having to forgo their incomes whenever illness prevented them from being able to work. In six of 13 city-sectors the figure is over 80 per cent.

**Table 7. Hours worked and second job by sector and sex**

	Home-based	Street Vendors		Waste Pickers		Total
	Workers	Women	Men	Women	Men	
Mean hours worked per week (in main activity)	32.58	47.68	55.10	27.91	34.13	38.26
Second job or economic activity (%)	21.83	12.20	23.04	26.24	23.12	20.49

Source: IEMS survey data (2012).

In addition to the long hours, the work itself is highly insecure in that street vendors lack effective legal protection and are therefore vulnerable to police harassment, requests for bribes, evictions and confiscations (Roever 2014). Access to a business license was a major problem for over half of the sample in 7 of the 13 city-sectors. Only in Accra, where many market traders were included in the sample, did a plurality report having been able to pay for and receive a license without having any issues. Furthermore, a lack of access to permits required by vendors to secure a space to sell their goods was cited as a problem by between 42 per cent and 92 per cent of street vendors across 5 cities.

According to the results, people working in the informal economy also have very little access to credit. Unlike their counterparts in the formal sector, informal workers were not able to access personal or business loans; this is particularly problematic for street



vendors because they require working capital to purchase stock. Less than 5 per cent of workers in each occupational group reported having been able to access start-up capital by taking out a personal loan from a bank or a formal microfinance institution. Instead, nearly 70 per cent of street vendors stated that they had to use their own capital to start their enterprises. Women, who were less likely to have the savings needed to start a business, stated they more commonly needed to borrow from relatives or from a lender (as opposed to a bank) to start their businesses.

**Table 8. Sources of start-up capital for SVs, WPs and HBWs by sex(%)**

	Home-Based Workers	Street Vendors		Waste Pickers		Total
		Women	Men	Women	Men	
No start-up capital needed	44.32	4.68	3.38	50.59	58.04	32.87
Own capital	24.28	36.70	67.96	6.32	11.61	26.18
Household capital	6.24	22.66	9.66	1.17	0.60	9.01
Borrowed from friends	1.56	7.68	5.80	0.70	1.19	3.43
Borrowed from relatives	5.57	13.86	5.31	0.70	0.00	5.79
Personal loan (lender)	1.56	8.80	0.48	0.47	0.89	3.07
Personal loan (bank)	3.12	3.75	3.86	0.00	0.89	2.30
Loan (microfinance)	1.56	2.25	2.42	0.00	0.89	1.38
Took over family business	2.23	6.18	2.42	0.00	0.00	2.46
Other	6.46	7.68	7.25	0.23	2.98	4.92
N	449	534	207	427	336	1953

Source: IEMS survey data (2012).

## II.II. Occupational Health and Safety

Issues pertaining to occupational health and safety (OHS) were a dominant theme in the focus group discussions held with the workers. In total—even though the focus groups were not asked specifically about OHS issues—illness, accidents, and exposure to health risks at the workplace were mentioned in about half (48 per cent) of all IEMS focus groups.

**Table 9. Percentage of IEMS focus groups that mention illness, accidents, and exposure to health risks at the workplace, by sector (%)**

	Home-based Workers	Street Vendors	Waste Pickers	Total
Focus groups that mention OHS (%)	57.77	48.00	41.33	47.69
N (total focus groups)	45	75	75	195

Note: includes mentions of lack of toilets or clean water

The nature of OHS risks differs both by gender and by occupational sector. Home-based

workers identified hazardous raw materials and the work process as health risks. For example, the chemicals used to roll incenses and the chemical finishes in fabric—along with the absence of any protective measures for these workers—was reported to cause respiratory illnesses and burns. Among street vendors and market traders, illness was again a common theme (Box 1), and several focus groups attributed gender-based violence at the workplace to an unsafe working environment.

**Box 1**  
**Occupational Health and Safety Concerns**

Market traders (Accra):

- Our sheds have been engulfed by filth; it's difficult to breathe in the market.
- We don't have a place to dump refuse generated from the market. The market becomes filthy and this keeps customers away.
- We often fall sick because of the filth in the market. When we fall sick, we are unable to come to the market to trade, which affects our businesses, and we also use our capital to pay medical expenses.
- The AMA people came to the market the other day and I personally spoke to them about the poor sanitation situation in the market. As a result, they provided us with a container for the refuse. When the container got full and they came to pick it up, they didn't bring it again. The refuse now piles up in the market.

Incense rollers (Ahmedabad):

- Once the raw material was so bad that I had red rashes all over my palms and hands, and similar injuries happened to other women. Then we organised a group and went to the contractor. He quickly resolved the problem.
- I feel pain in my waist because I have to sit for long periods on the ground. Also I get headaches, and whenever I do excessive work I get blisters on my hands and I have difficulty breathing while using powder to roll the incenses.
- When we fall ill we have to spend more money on medicines than what we earn.

Waste pickers (Belo Horizonte):

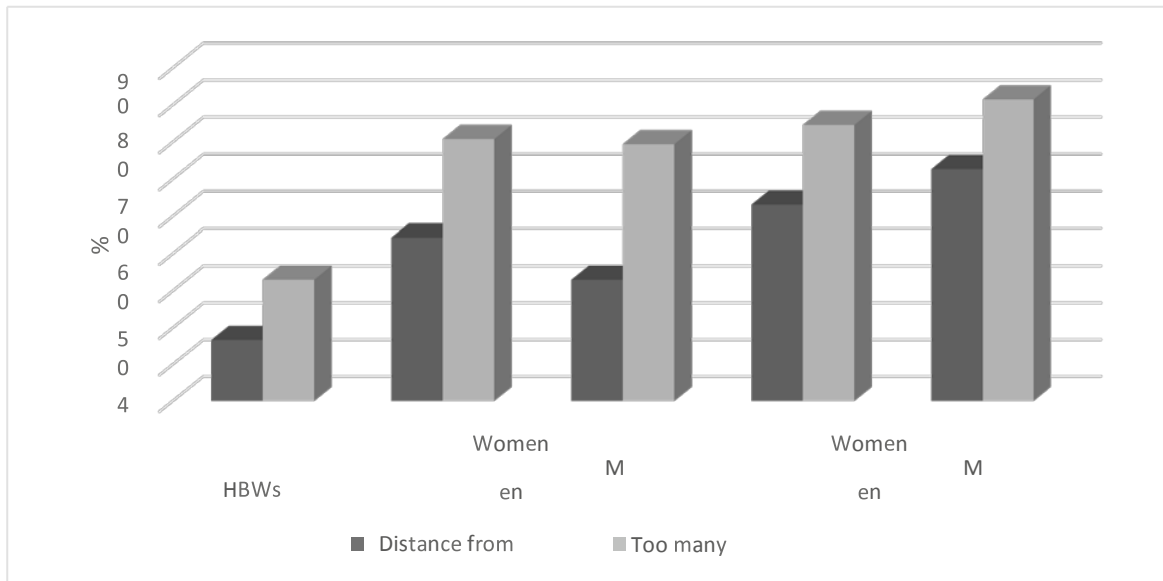
- [After I] hurt myself twice and almost cut off one of my fingers, I'm now using protective equipment.
- The way we separate materials at the warehouse affects our health. It's killing us!
- I've gotten use to the rats that surround me while I work.
- When someone does not feel well, it's really hard for them to get to work unless that person is able to get a ride.
- The trucks bring the waste and sometimes the last material is the glass. When that happens there aren't enough waste receptacles or there isn't enough space to safely store the great amount of glass that arrives.

II. III. Value Chain Risks

The IEMS participants also reported a number of challenges associated with what the study team identified as challenges related to the value chain — in other words, obstacles related to the upstream and downstream linkages within specific product chains. When asked to identify the main value chain constraints associated with their work, most workers mentioned the high level of competition. In these sectors it is common for a large

number of workers to sell or make the same products or provide the same service. The number of competitors was particularly high in the street vending and waste picking sectors where about 70 per cent of both women and men mentioned competition as a key constraint. The other main value chain risk reported by workers in the IEMS was the distance to their markets. Again, this was more widely reported by street vendors and waste pickers in the sample.

**Figure 1. Key value chain constraints, by sex and sector (%)**

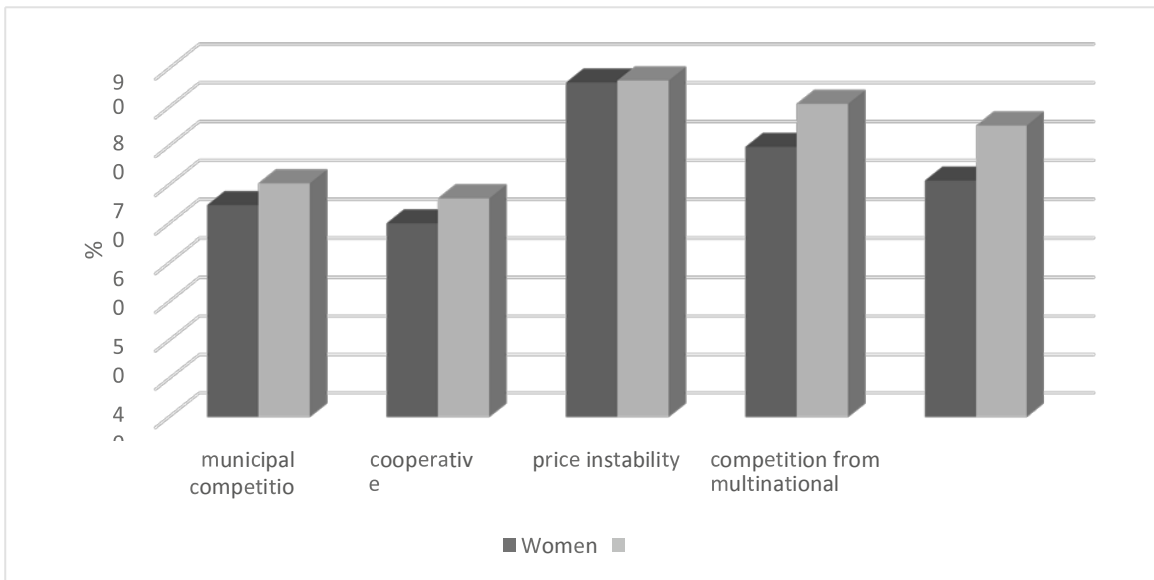


Source: IEMS survey data (2012).

To more closely understand the challenges posed by value chains, waste pickers were asked a separate set of questions. The first key finding was that, as price takers, the volatility in prices paid for recyclable materials was a major constraint to the livelihoods of these workers. Almost 90 per cent of waste pickers across the three regions reported that this was one of the main difficulties associated with their work. This is not necessarily surprising given that the prices paid for materials are dependent on a number of global factors and because the sector is characterized by middlemen who often control local prices.

Waste pickers identified other workers as the main source of competition for access to recyclable material. About 70 per cent of women and 80 per cent of men reported that the large number of other informal waste pickers competing for access to the same materials significantly constrained their livelihood. This finding underscores the precarious nature of work in this sector and the way in which informal waste pickers are forced to operate at the margins of waste value chains. Such a conclusion is supported by the finding that the majority of respondents in the IEMS also reported that competition from municipal (formal) waste collectors and large multinationals have encroached on their livelihoods.

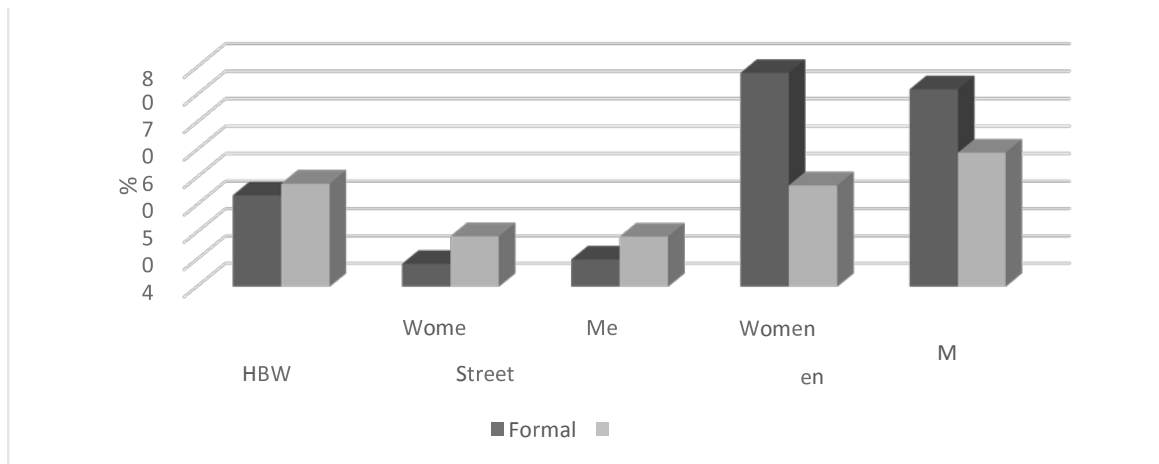
**Figure 2. Key value chain constraints reported by waste pickers, by sex (%)**



Source: IEMS survey data (2012).

While the above example from the waste sector demonstrated that there is a false dichotomy between formal and informal value chains, an analysis of downstream linkages across all three sectors reinforces this point. The main finding is that informal waste collectors are deeply embedded in formal value chains. The vast majority of waste pickers from the IEMS sold at least some portion of their recyclable materials to formal businesses (e.g. large recycling companies or ‘buy-back centres’). Street vendors tend to sell final goods to the general public but, even in this sector, about 10 per cent of the IEMS sample reported selling their final products to formal businesses. Similarly, about a third of home-based workers also sold their completed products to formal businesses.

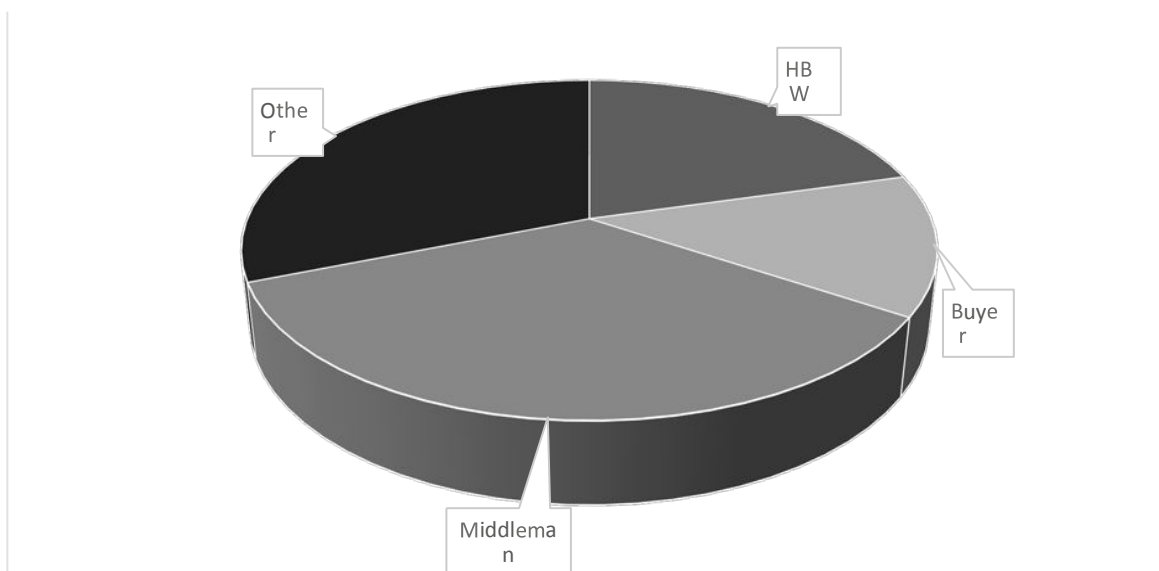
**Figure 3. Main buyers of final goods, by sex and sector (%)**



Source: IEMS survey data (2012).

Home-based workers, like waste pickers, are largely price takers. Only about a fifth (21 per cent) of home-based workers from the IEMS sample reported being able to set the prices for the finished products that they make. By contrast, for 35 per cent of respondents, middlemen who link the goods to the final buyer have the most influence over prices. In other words, a number of actors in the value chains in which home-based workers operate are able to set the prices that are paid to the workers who make the goods. This reflects the fact that there are a number of information asymmetries in this sector that disadvantage home-based workers which occupy vulnerable positions in their respective value chains. There is a clear gender dimension to the power asymmetries in these value chains, with men mostly acting as intermediaries within them.

**Figure 4. Price setters for the finished products made by home-based workers (HBWs)(%)**



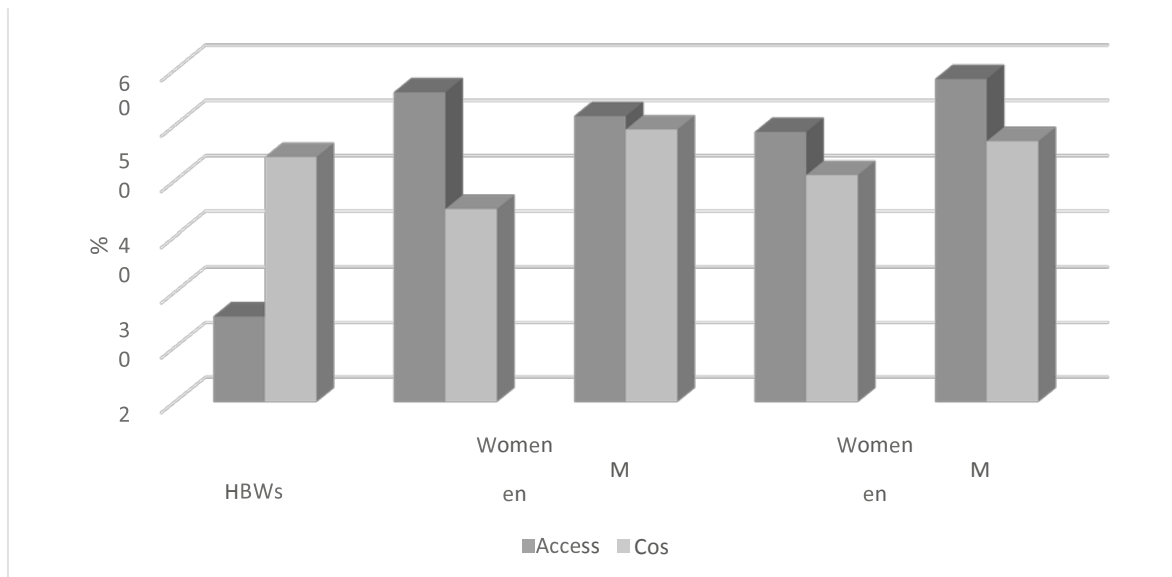
Source: IEMS survey data (2012).

#### II.IV. Infrastructure deficits

Conditions in the informal economy depend heavily on infrastructure. In the focus groups workers explained the way in which access to electricity, clean water and storage space, in particular, were crucial to their livelihoods. Yet the majority of workers reported infrastructure deficits in relation to even the most basic types of infrastructure (e.g. water, electricity and sanitation). For street vendors and waste pickers across the three regions, access to infrastructure was a more pressing problem and this was particularly the case for female street vendors (many of whom depended on electricity and water to prepare cooked foods). For many of these workers, however, cost was also a barrier to infrastructure. In other words, even where infrastructure is available, many of the workers were not able to afford access.

The home-based work sector is slightly different in that a far greater percentage (44 per cent) of these workers reported that the cost of infrastructure was the most important obstacle. This is likely explained by the importance of electricity in the homes of these workers since their houses are also their places of work.

**Figure 5. Percentage of workers who report problems of access basic infrastructure at work, by sector sex (%)**



Source: IEMS survey data (2012).

## CITED REFERENCES

Chen, M. 2014. "Informal Economy Monitoring Study Sector Report: Home-Based Workers." Cambridge, MA, USA: WIEGO. Available at <http://wiego.org/sites/wiego.org/files/publications/files/IEMS-Home-Based-Workers-Full-Report.pdf>

Dias, S. and M. Samson. 2016. "Informal Economy Monitoring Study Sector Report: Waste Pickers." Cambridge, MA, USA: WIEGO. Available at <http://wiego.org/sites/wiego.org/files/publications/files/Dias-Samson-IEMS-Waste-Picker-Sector-Report.pdf>

Mkhize, S., G. Dube, and T. Quazi. 2014. "Informal Economy Monitoring Study: Waste Pickers in Durban, South Africa." Manchester, UK: WIEGO. Available at <http://wiego.org/sites/wiego.org/files/publications/files/Mkhize-IEMS-Durban-City-Report-Waste-Pickers.pdf>

Roever, S. 2014. "Informal Economy Monitoring Study Sector Report: Street Vendors." Cambridge, MA, USA: WIEGO. Available at <http://wiego.org/sites/wiego.org/files/publications/files/IEMS-Sector-Full-Report-Street-Vendors.pdf>