

Informal Women Workers in an Age of Globalisation

By D.L. Doane

For the poor, the world has always been an insecure place. However, with bad economic conditions loosening community ties and straining family-based mutual aid, insecurity and anxiety inevitably increase. Insecurity also increases under economic conditions that “split” the economy, favouring those with access to education, financial and other resources, but hurting those without this access and connection.

Among the most vulnerable in developing countries are those who work in the “informal economy,” those who work outside of established office, shop and factory settings, and are unprotected (effectively, if not on paper) by labour or social protection legislation. Among the most vulnerable of informal workers are informal women workers, as they consistently earn less than their male counterparts and often have to work on an irregular or seasonal basis due to their gender-assigned responsibilities. In bad economic times, they are likely to find that job orders—on which much or all of their family’s income depends—can shrink or even disappear entirely.



This is particularly true in an age of globalisation and “free trade,” in which indebted countries are pushed to abandon efforts at economic or industrial self-reliance (based on the building up of domestic capabilities), and are pushed to focus instead on labour-intensive export-oriented production. This may work for some time, creating new jobs and sources of income, but as the labour-intensive jobs move on to lower-cost countries that have developed the capacity to provide similar goods and services for less, those left behind will find it very difficult to cope. As more “left behind” workers enter the informal economy, they are

likely to confront yet another consequence of globalised “free trade”: the loss of not only *international*, but also *domestic* markets to goods legally and illegally imported from the lower-cost (and other) countries. Again, this increases insecurity and despair.¹

In retrospect, we find that the boom associated with the coming of manufacturing jobs to countries such as Thailand, Malaysia, the Philippines, and Indonesia lasted only a little over a decade. In garments—a major employer of women workers—the decline began even before the 1997 Asian financial crisis hit the region. In the wake of the crisis, many factories closed, thousands of job orders were cut, and over time, production began to shift to China, Viet Nam, and elsewhere.²

It is well-recognised that many of the jobs that remain in the “higher cost” countries (Malaysia, Singapore, Thailand, the Philippines and Indonesia) have been “casualised” or “informalised,” with some of the work shifting to “temporary agency” or casual/contract workers. These workers are usually women, but in some cases low-income or migrant

male workers—who work alongside “regular” factory workers and carry out virtually the same tasks, but under very different terms of employment. Some of the work has shifted to informal women workers working out of homebased or very small-scale workshops, receiving much lower pay than regular factory workers and having little, if any, access to labour or social protection. Just as the *coming* of dispersed or globalised manufacturing (a phenomenon hailed as the “global assembly line”) brought in new concerns, the *departure* of labour-intensive jobs has created significant problems in the countries whose economic policies became closely tied to attracting those very jobs. Even the threat of departure has resulted in the informalisation/casualisation of work.

This is particularly true of countries such as the Philippines, Indonesia, and to varying extents, other Southeast and South Asian countries. (For example, Thailand until recent years, and Bangladesh even now, have been pursuing policies that rely heavily on export production based on labour-intensive jobs. Not only is the technology imported, but in many countries, inputs into production are also often imported and “production” consists largely of assembling imported inputs and key components, using the country’s “comparative advantage” of cheap labour. Many argue that this lack of local content and real transfers of technology means that this opportunity to build up the technological capabilities of local enterprises or even local suppliers of inputs and service providers has also been lost.³

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Although the impact of job loss has been felt by large numbers of both highly industrialised and developing countries, the developing countries that lack a stable domestic (national) economic base are in a particularly vulnerable position, as there are at present few alternatives to compensate for the jobs lost. Already the widening gap between the “haves” and the “have nots” is affecting the stability of

casualised factory workers (e.g., in garment production in the Philippines) report that out-migration—even to countries that have a reputation for the poor treatment of domestic and other workers—is now preferred to casualised (temporary and unprotected) jobs in factories and homebased production because these appear to offer little hope for the future. Similarly, those who work with homebased self-employed workers—in agriculture, services, small-scale enterprises, and in other capacities—report that the increasing loss of even domestic markets is forcing informal workers to look overseas for more stable employment, even if the job offered is short-term (but potentially renewable). This, despite the highly publicised dangers and social disruptions that out-migration can involve. In the Philippines, for example, the “Japayuki” model of going to Japan as an “entertainment” worker has emerged as an alternative for large numbers of low-income women who are now without the labour-intensive jobs (as subcontracted or homebased labour) that they had previously depended on. Migration to the cities was the first step; now, migration out of the country has become the next.

To prevent a growing crisis of underemployment, unemployment and out-migration from exploding, new policies will have to be put in place both to reduce the vulnerability of these women and men workers and at the same time stabilise employment within the national borders, without relying on the dubious hope that out-migration will somehow solve the problem if new ways to attract foreign investment into the

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countries facing high rates of unemployment and underemployment. Men and women react differently to job loss and continuing insecurity, but neither will be able in most cases to react in a socially healthy way. This widespread loss of jobs has the potential to result in an economic and social crisis in which out-migration (as domestic workers, performers in the “entertainment industry,” caregivers, or in other service employments), precarious jobs in the informal economy, or even participation in the illegal economy are the only options available to large numbers of low-income workers. As gaps widen and frustrations increase, the potential for outbreaks of social turmoil will increase as well.

In countries such as Indonesia, Sri Lanka, and the Philippines, out-migration has become a key component of the “new” labour policy for employment creation. In fact, those who work as employers of

country are not found. Even if good jobs outside the country were available to some individuals, the social costs of individuals migrating for work and leaving families behind are by now well-understood, strengthening the idea that this cannot be relied upon as a key labour policy in any country.

In the context of countries losing labour-intensive jobs—jeopardising the future of impoverished women as well as men—policies to help stabilise employment and incomes for informal and casualised workers will be crucial. These policies must take gender as well as income status, ethnicity, and other considerations, clearly into account.

Under these conditions, systematic and broad-based technology policies, together with related industrial or sectoral policies (as opposed to very limited technology projects and very localised initiatives), have the potential to be an important element in the larger attempts to build a more stable domestic economy, particularly in countries that have become too dependent on attracting foreign investment in labour-

intensive industries. An extensive literature exists indicating that in the past, technology and industrial policies— together with the development of domestic educational and economic institutions—have been part of broader efforts that have helped create and stabilise jobs for both formal and informal workers in several countries in Asia in both “socialist” and “capitalist” regimes.

In fact, all advanced industrial countries (as well as the larger developing countries) have technology and industrial policies, even if they are sometimes justified as necessary for defence or other purposes. For example, the development of the post-vacuum tube computer and laser (e.g., remote sensing) technologies and related industries in the US, were originally developed in the context of war and new “battlefield” requirements. However, the technology and industrial policies adopted by the advanced industrial countries are usually geared toward the relatively large-scale and formal economy, and not the small-scale or informal economy.⁴

The most relevant models for countries losing labour-intensive production thus appear to be from other parts of Asia that have been able to develop a strong domestic science, technology and educational base and strong domestic enterprises, and have had substantial experience with both formal large-scale and informal (small and very small-scale) types of employment as their economies were transformed over time. The larger East and South Asian economies have all pursued various forms of these policies in a post-colonial context, and are now moving on.

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In contrast, many Southeast Asian nations have yet to fully go through this post-colonial stage of building up domestic technological resources.⁵ At this point in time, it is important that these policies focus explicitly on the informal economy as well, and not only on “modern” (or so-called “progressive”) SMEs (small and medium enterprises) and large-scale enterprises in the formal economy.⁶

In sum, learning from other Asian countries and pursuing a bottom-up approach to technology and related policies will help ensure that the majority of workers—including informal women workers—have access to stable incomes and employment. This will provide good alternatives to the out-migration that at the moment is viewed as the best option by large numbers of women and men, no matter what the personal or social

costs. Only when stable incomes and employment conditions are achieved will any sense of sustainability and security for the women and men of the “people’s sector” be possible. ■

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Endnotes

¹ For more information regarding these trends and possible responses, see the author’s “Beyond Safety Nets: Linking Social Protection with Technology/Industrial Policies for Informal Women Workers,” in *Gender, Technology and Development*, 8(3), 2004, and Technology “Laddering”, Blending and Clustering: Lessons and Experiences from Several Asian Countries (2005), *Fair Trade Alliance: Quezon City, for the Fair Trade Alliance (FTA) of the Philippines*. Several excerpts for this article were drawn from the introduction and appendix sections of these two sources; interested readers can consult these and other writings in the field for a more detailed analysis of technology and other policies that would benefit both formal and informal workers, taking gender concerns explicitly into account.

² Although a wide range of labour-intensive products appears to be involved, changes in the garment industry have been particularly dramatic. As Rajah Rasiab writes (in “Export Experience and Technological Capabilities: Evidence from East and Southeast Asian Firms” (prepared for UNU-INTECH, March 28, 2003, p.3): “The share of garment exports in manufactured exports declined in the first-tier NIEs after spearheading growth in the 1960s and 1970s. Thailand, Philippines and Indonesia faced a decline from the 1990s. Interviews in Indonesia and the Philippines suggest that foreign brand holders have begun shifting their orders to cheaper cost sites in China, Cambodia and Vietnam.” Actually, in this process, even Cambodia has ended up in a relatively weak position and has lost jobs to countries that have better infrastructure and are better able to compete on the basis of price, quality, and delivery.

³ For a discussion of problems that emerged in the Philippines when domestic capabilities, linkages and inputs were deemphasized, cite from such sources as Henrik Secher Marcussen (1990), “Catching Up in the Export Race? The Case of the Philippines,” in van Dijk & Marcussen (eds.), *Industrialization in the Third World: The Need for Alternative Strategies*, London: Frank Cass, pp. 49-62. This policy approach stands in contrast to China, India, Malaysia, and other countries that have followed the model of relative “self-reliance,” or of variants of the “East Asian” model exemplified by Japan and the “East Asian NICs” (South Korea, Taiwan, Hong Kong and Singapore).

⁴ It is a general misconception that countries such as the U.S. do not have technology or industrial policies (in part this is because, from a strictly Neoliberal point of view, such policies would indicate too much government involvement in a "market" economy). Nonetheless, the policies are there, even though the terminology used to describe them may be different.

⁵ Again, this is particularly true of Indonesia and the Philippines, and until recently, Thailand. Singapore and Malaysia have been more actively implementing technology and industrial policies in recent years. Malaysia is known for having invoked the ire of Neoliberal international development institutions for pursuing policies akin to those of the "East Asian" model; this conflict—largely over financial, but also technology and industrial policies—became particularly apparent during the financial crisis of the late 1990s. Although explanations vary (depending on one's economic and political perspective), it is by now generally recognized that the developing countries of the South, Southeast and East Asian regions that have pursued key non-Neoliberal policies have come out well ahead of those that followed standard Neoliberal prescriptions (this has also been true with respect to many Latin American countries, and so has become a central political issue in that part of the world). Even institutions that have promoted Neoliberal policies in the past have begun backing away from these standard prescriptions; however, given the way the development industry works and pressures from current administrations, this trend is not uniform.

⁶ It is worth noting that, along with many other economists, Joseph Stiglitz (*Globalization and its Discontents*) has emphasized the importance of technology policies in strengthening the economies of developing countries. For more on specific technology and industrial policies, a large number of studies have been carried out on large-scale and formal economy, and a smaller but very useful body of studies has emerged regarding the ways in which well-designed and implemented policies can benefit those who work in the small-scale and informal economy. Some of these studies are noted in "Beyond Safety Nets: Linking Social Protection with Technology/Industrial Policies for Informal Women Workers" and Technology "Laddering", Blending and Clustering: Lessons and Experiences from Several Asian Countries (cited above). However, much more work is needed on these policy concerns, particularly studies that take gender and informality explicitly into account.