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**EVALUATING THE SOCIAL
PROTECTION OF WOMEN
ENTREPRENEURS
OPERATING IN THE
INFORMAL SECTOR IN
MAURITIUS**

Final Report

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Mauritius Research Council

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FINAL REPORT

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Evaluating the Social Protection of Women Entrepreneurs Operating in the Informal Sector in Mauritius

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LIST OF ACRONYMS

BIP	Basic Invalidity Pension
BRN	Business Registration Number
BRP	Basic Retirement Pension
BWP	Basic Widow Pension
CAPI	Computer Assisted Portable Interviews
CEA	Census of Economic Activities
CPE	Certificate of Primary Education
CPS	Current Population Survey
CSOs	Civil Society Organizations
EU	European Union
GDP	Gross Domestic Product
HSC	Higher School Certificate
ICT	Information and Communication Technology
IILS	International Institute for Labour Studies
ILO	International Labour Organisation
MFA	Multi-Fibre Agreement
MPRSP	Malawi Poverty Reduction Strategy Paper
MUR	Mauritius Rupee
NGOs	Non-Governmental Organisations (NGOs)
NPF	National Pension Fund
NPF	National Pension Fund
NSF	National Savings Fund
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OLS	Ordinary Least Squares
PPS	Probability Proportional to Size
SC	School Certificate
SM	Statistics Mauritius
SMEDA	Small and Medium Enterprises Development Authority
SSA	Sub-Saharan Africa
UN	United Nations

UNESCAP	United Nations, Economic and Social Commission for Asia and the Pacific
UNIFEM	United Nations Development Fund for Women
UNRISD	United Nations Research Institute for Social Development
US	United States
USD	United States Dollar
WTO	World Trade Organization

EXECUTIVE SUMMARY

This report is about the essence of social protection and its financing among women entrepreneurs in the informal sector. Many small businesses in Mauritius are run on an informal basis and by women entrepreneurs who have been found to accord less value to social protection. Lack of knowledge, absence of a concrete business plan, financial constraints and inability to be futuristic, all limit these women entrepreneurs in viewing their future more constructively. Owning an informal entity and income undoubtedly disqualifies women from benefiting from all the possible social schemes that are in place for enterprises which operate legally. Such schemes are important in ensuring the sustainability of the entity and assisting in risk taking. This research provides the different avenues that explain the very existence of women entrepreneurs in the informal sector and how knowledgeable they are about social protection and its significance to their business and its sustainability. Moreover, their willingness to contribute to at least one social protection scheme is analysed amongst other policy recommendations.

Broad Research Findings

The broad findings of this research comprise the following: the characteristics of women entrepreneurs, the characteristics of their informal businesses and their attitude towards social protection and the extent of coverage.

- Informal Sector is an income generating outlet for the low income and economically disadvantaged communities of Mauritius
- This Sector is also found to be highly feminised especially for women who seek to have financial independence or for supporting their family
- Highly characterised by low educational attainment of the informal business operators and low level of skills
- A typical Mauritian reality; the proportion of women employees in the formal sector remains on the low side
- The increase in women's entrepreneurship in the informal sector is the result of the phasing out of the Multi-Fibre Agreement urging the closure of garments factories and

leading to a massive loss of jobs among women and housewives joining the informal sector to contribute to household income.

- The informal sector comprises of 33,500 business units employing 56,100 people, of which 15,100 are women
- The informal sector is dominated by businesses in the ‘Wholesale and Retail Trade’ Sector which accounts for 33 per cent of the contribution to GDP followed by ‘Transport and Storage’ accounting to 24 per cent of the Services sector
- In 2013, the value added of the informal sector was MUR 11 billion
- Of those who work in the informal sector, 27 per cent are beneficiaries of government social security schemes
- In spite of the various schemes which exist as social protection for poor families, very few women can benefit from these due to stringent and restrictive conditions
- Schemes may also not be directly applicable to women entrepreneur in the informal sector
- Among the female entrepreneurs of the informal sector, the following characteristics have been observed;

-Not all of them possess a Business Registration Number (BRN)

-For those who have a BRN, they may not have a permit to operate

-Their household assets are also used as their business assets

-No separate accounts are kept for the purpose of business and that of the household

Characteristics of Women Entrepreneurs in the Study

- Among the interviewees, 58 per cent were in the age group of 38 and 52, followed by 43 per cent found to be in the age group of 43 and 52.
- It was found that 5 per cent of the respondents were above 65 years of age
- Regarding educational attainment, 37 per cent studied up to the secondary school level while 38 per cent had incomplete primary education. All in all, 75 per cent of the respondents had incomplete primary education
- Coming to household characteristics; 34 per cent of the interviewees had 4 children, 28 per cent were head of household and 91 per cent were owners of their premises
- Prior to starting the informal business, 44 per cent reported that they were working while 53 per cent were housewife

- 75 per cent of the women in the informal sector do not have a monthly salary. 73 per cent earned less than MUR 5,000 and 17 per cent would earn between MUR 5,000-10,000 monthly
- 41 per cent of their husband earned an income range between MUR 10,0001 and 15,000 whereas 7 per cent would earn less than MUR 5,000 per month
- 41 per cent of their household expenditure was in the range of MUR 5,001 – 10,000 monthly
- 90 per cent of the entrepreneurs would earn their annual income in the month of December
- The highest number of women entrepreneurs in the informal sector were found to live in the districts of Plaines Wilhems and Port-Louis

Characteristics of Informal Business Operated by Women in the Sample

- Regarding the sector of activity; 58 per cent were found to operate in the ‘Wholesale and Retail Trade’ sector, followed by 31 per cent in the ‘Manufacturing’ sector and 12 per cent in the ‘Accommodation and Food Services’ sector
- About the age of their business; 26 per cent were found to be in existence for more than 17 years while 19 per cent were between 3 and 5 years of age
- Coming to financing of their businesses, women entrepreneurs reported as follows; 82 per cent have utilized their own funds, 24 per cent obtained assistance from their family members and 12 per cent from financial institutions
- Most of the respondents (90 per cent) have indicated that they would wish to remain informal and 89 per cent of them depended solely on the informal sector for a living
- The various reasons provided by women entrepreneurs why they would not like to formally register their businesses are:
 - 32 per cent reported that this would cost them more
 - 26 per cent answered that the process were too time consuming
 - 25 per cent did not know how to proceed
 - 63 per cent have categorically refused that they did not want to operate formally
 - 26 per cent answered that they would not do so to avoid the taxes
- Regarding the accountability of their business, 64 per cent have mentioned that they do not keep any accounts

- They would also employ non-family members to work in their businesses and of which 41 per cent were female workers
- Regarding the training that they have followed; 21 per cent mentioned that they had undergone 3 months' of training, 16 per cent have undergone a training period of more than a year and 23 per cent have responded that they had followed a training programme of one year
- It was also found that 63 per cent of the sample of interviewed women did not know how to use a computer and of those who knew it, it was found that 49 per cent of them were not connected to the internet
- Referring to the sustainability of their businesses, women entrepreneurs answered that this would depend on the restrictive conditions imposed to become a legal entity, the ability to be trained further and handle their business better and their ability to have a more robust business plan better in the near future

Social Protection Coverage

- Coming to social protection, 88 per cent of the interviewees did not receive any form of social assistance, while the remaining 12 per cent depended on the Basic Retirement Pension (BRP) and National Pension Fund (NPF)
- Within their families (or households) 48 per cent of the members mentioned that no one was receiving any form of social aid, 24 per cent were beneficiaries of old age pension (BRP) and 28 per cent benefited from some other form of social aid other than BRP
- Given their average age (48 – 52) and the fact that they were married would limit their access to the various schemes of social aid provided by the government
- Above 50 per cent of the respondents were unaware of the various social protection schemes provided by the government, 80 per cent believed that the BRP was insufficient and 65 per cent of them believed that contributing to a pension would benefit them
- Of those who were unwilling to contribute towards a social protection scheme, 76 per cent attributed this to financial constraints and 19 per cent were not convinced that the scheme would benefit them
- Women entrepreneurs in the informal sector reported that that the ideal retirement age should be 60 (shared by 64 per cent of the sample) whereas 20 per cent mentioned that retirement should be at the age of 65

Policy Recommendations in Brief:

- Women must be assisted to develop a business plan, which they could use to have better access to resources including financing, enabling them to invest and expand their businesses. This would render their business more profitable, sustainable and move from informal to a formal status.
- They require capacity building or any other form of literacy to improve their knowledge of accountancy and basic business management for the proper operation of their enterprise and sound accountability.
- Incubators might be helpful for many of them to conceptualise, test and market their products. As it is, there is hardly any such platform for business prospects that caters for businesses operating in the informal sector.
- Setting up incubators that would women entrepreneurs in the informal sector them more creative and innovative and help them in branding their products enhancing their value added
- Informal businesses must be encouraged to find financing modes which extend beyond commercial banks exploring opportunities to partner with other informal businesses which ultimately could help them to expand and become formal as well
- They could find ways and means to connect to formal businesses in supplying their products helping them to sustain their businesses subsequently. These could be strategic partners and alliances
- Regarding social protection, entrepreneurs should be made more aware of the different schemes that exist for those which are formal and what benefits they may derive
- A tier scheme for social protection could be conceived, with a compulsory first tier contributed by the entrepreneur, a second tier by the government and a third tier (optional) as an additional contribution to ensure a broader social protection coverage
- These entrepreneurs could also develop their manpower to ensure business growth and sustainability. National Empowerment Foundation may assist in this matter
- Expansion of informal activity could also be undertaken by e-marketing or through the internet. This would be at lower cost of operation, not necessarily requiring big space or freehold property to operate. Hence, computer literacy and knowledge building would have to be ensured.

CHAPTER 1

INTRODUCTION

1.1 Research Problem

With the high female unemployment rate, especially after the termination of the Multi-Fibre Agreement and the EU sugar reforms, the Government has encouraged unemployed and retrenched women, consisting mainly of textile and clothing sector workers, to turn to entrepreneurship as a means of sustaining their livelihoods. These women, given their limited skills, could not find alternative employment in other booming sectors of the economy. However, while small informal businesses may sound a plausible outlet to them, they may not necessarily provide adequate social protection against illness, disability, unemployment and old age. In addition, the recent financial crisis has impacted a number of sectors. In essence, low demand from abroad has affected the revenue generating sectors of tourism and textile and clothing. The impact of the financial crisis was indeed felt on the economy as the growth rate fell below 4 per cent systematically since 2008 till date. The informal sector is indeed a buffer in times of crisis but this may not be true if the reduction in growth rate of the macro-economy is successive and prolonged. In such circumstances, the absence of social safety nets may make those in the informal sector financially disadvantaged and highly vulnerable.

Currently, the Government provides incentives to small and medium-sized businesses and various organisations such as the Small and Medium Enterprises Development Authority (SMEDA), Enterprise Mauritius, MyBiz, amongst many others provide support to the business community. However, a number of businesses operate informally in the country. These businesses might prefer to operate in the informal sector to avoid payment of taxes or in order not to abide by established norms and regulations. In particular, it is argued that women's involvement in informal sector enterprises can contribute towards alleviating socio-cultural restrictions imposed on women through improving their economic status and, consequently, their position within households (Omari, 1989; Bagachwa, 1990). Indeed, Tripp (1994) argues that Tanzanian women's involvement in the informal sector since the early 1980's has strengthened women's social as well as economic status.

Currently, Mauritius has a comprehensive social welfare system with a wide range of social benefits. It includes a system of universal old age pension (better known as the Basic Retirement Pension (BRP)) amounting to Rs5,000 monthly for each senior citizen beneficiary. Hence irrespective of whether someone is unemployed or not, all persons benefit from the old age pension once they have attained their retirement age. Workers in the formal sector benefit from additional social protection as they receive pensions on retirement, which is paid by the state or out of employers' and employees' contributions. Voluntary private pension schemes are available to private sector employees; but the coverage remains limited to public and private sector workers. Other benefits include pensions for widows, orphans, guardian's allowance, child's allowance, inmate's allowance, injury allowance and disablement pensions amongst others. Social protection has been recognized as being a major concern of the World Bank (see Holzmann (2000) for instance) all the more when referring to inclusive growth.

Therefore, this study aims at addressing a major gap in the literature as it aims at studying and evaluating the extent of social protection to a vulnerable segment of the Mauritian population within the informal sector; particularly focusing on women entrepreneurs. Quantitative analysis backed by survey methods is used to provide thorough insights into the status of social protection of the targeted groups. So far, no study has been conducted on the assessment of and the provision of social protection to women entrepreneurs operating in the informal sector in Mauritius. This study is a major contribution to the empirical literature as it is based on a study of a large sample (403 women entrepreneurs operating in the informal sector). The research provides evidence based policies and relevant policy options for the small island economy.

1.2 Objectives of the Study

As there are no official statistics on the informal sector in Mauritius, (a 'black box' so to say), our analysis relies on survey data gathered through interviews of around 403 women entrepreneurs operating across a wide range of informal activities. Hence, survey data is used to assess the level of social protection in the informal sector and investigate the ways of further enhancing social protection. The results obtained from the survey analysis help in probing further into the possible provision of social protection to informal sector women entrepreneurs, and investigate whether formalisation may stand as a potential solution.

The specific objectives of this study are as follows:

- a) Investigate the demographic and socio-economic profile of women operating in the informal sector in Mauritius.
- b) Examine the characteristics of women entrepreneurs who have registered and those who have not registered their business activity. The probability of registering is influenced by the socio-demographic profile of the entrepreneur and the nature of the economic activity.
- c) Probe into the intention of women entrepreneurs to register their informal activity in the near future.
- d) Evaluate the current status of social protection schemes known to informal women entrepreneurs and identify major gaps in the informal sector in light of existing standards in the formal sector of the economy.
- e) Assess the willingness of informal women entrepreneurs to pay for social protection schemes.
- f) Provide policy recommendations on how to improve the social protection system and as such empower women entrepreneurs in the informal sector.

1.3 Methodological Issues

This study is based on primary data obtained from a survey of 403 informal businesses owned by women in the island of Mauritius. A questionnaire was administered in different parts of the island to obtain a representative sample of the population. The survey thus provides detailed information on the characteristics of women entrepreneurs operating in the informal sector in terms of their age, level of education, family background, marital status and income earned, amongst others. The characteristics of their businesses are also captured in the questionnaire and more importantly an assessment of the existing level of both informal and formal social protection is undertaken. Their willingness to pay for a given level of social protection and the type of social protection are also measured.

1.4 Scope for Policy Recommendations

The results shed light on the social protection for women operating in the informal sector. Using micro-level evidence, we explore the problems faced by the sample of women entrepreneurs and investigate how a mix of formal and/or informal social protection could

benefit them. The findings set out policy options and propose relevant mechanisms which can help these informal women entrepreneurs in both their businesses and everyday lives.

1.5 Outline of the Report

The report is structured as follows:

Chapter 2 reviews the literature on informal sector, its characteristics and activities. The relationship between gender and informal activities is analysed. The social protection system is also discussed in relation to women entrepreneurs operating in formal and informal activities.

Chapter 3 analyses the situation of informal activities in the country and the existing social protection system.

Chapter 4 sets out the sampling strategy, survey methods and methodology adopted in this study. The econometric estimation techniques used are also discussed in this chapter.

Chapter 5 assesses the socio demographic profile of the women-owned businesses in the informal sector.

Chapter 6 examines the firm's characteristics and also estimates empirically the decision and the intention of women entrepreneurs to register their business activity.

Chapter 7 reviews the current status of the social protection programme in the survey and presents the findings on the willingness to pay for social protection.

Chapter 8 concludes and provides policy recommendations and relevant mechanisms for social protection which will be helpful for informal women entrepreneurs in Mauritius.

CHAPTER 2

LITERATURE SURVEY

2.0 Introduction

Social protection systems play a key role in the functioning of modern societies and are an essential ingredient of integrated strategies for economic and social development. Experience since 2008 demonstrates that only countries with an adequate social protection system were able to respond more quickly and effectively to the global economic crisis. The lack of access to social protection, therefore, constitutes a major obstacle to economic and social development. The widespread lack of social protection coverage is associated with high and persistent levels of poverty and economic insecurity. Social protection policies contribute to fostering both economic and social development in the short and the long term, by ensuring that people enjoy income security, have effective access to health care and other social services, and are empowered to take advantage of economic opportunities. They play a key role in boosting domestic demand, supporting structural transformation of national economies, promoting decent work, and fostering inclusive and sustainable growth.

The rest of the chapter is organised as follows: The chapter first provides the definition of social protection in section 2.1 and then briefly gives an overview of social protection around the world in section 2.2. In section 2.3 the informal economy is elaborated upon. Then the chapter discusses the characteristics of the informal sector in section 2.4 and provides an overview of the informal sector in low income and middle-income economies in section 2.5. The relationship between gender and the informal sector is discussed in section 2.6. Next, in section 2.7, the chapter focuses on the discussion on social protection the informal sector. In section 2.8, the chapter looks at social protection for women in the informal sector.

2.1 Social Protection: Definition

The concept of social protection emerged with the increase in flexible and unstable employment, particularly in the informal economy (Ulrichs, 2016). Norton (2001) defines social protection as ‘the public actions taken in response to the levels of vulnerability, risk, deprivation which are deemed socially unacceptable within a given policy or society.’ The

United Nations Research Institute for Social Development (UNRISD) views social protection as concerned with “preventing, managing and overcoming situations that adversely affect people’s well-being. Social protection consists of policies and programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people’s exposure to risks and enhancing their capacity to manage economic and social risks such as unemployment, exclusion, sickness, disability and old age.”

‘Social protection’ broadens the concept of ‘social security’ by including non-statutory schemes such as new types of contributory schemes, mutual benefit societies and grassroots and community schemes for workers in the informal economy (ILO, 2002). ILO (2014) finds that around 73 per cent of the world population has no or only partial access to social protection. Social protection refers to the whole mechanism put in place to protect the individuals, households and other stakeholders from economic shocks while also helping them to better manage the risks (Kasseeah and Tandrayen-Ragoobur, 2011). Social protection ranges from public to private approaches whereby the risks associated are illness, accident at work, death and old age among others.

According to Ulrichs (2016), social protection can be divided into three types:

1. Social assistance: non-contributory, means-tested or categorically targeted programmes for vulnerable groups. This includes cash or in-kind transfers, subsidies and social (non-contributory) pensions financed through tax and other revenues (e.g. aid budgets)
2. Social insurance: contributory programmes that protect beneficiaries from catastrophic expenses
3. Labour market interventions: protective measures for the working poor (or unemployed) to gain employment, for example employment services, job training, direct employment (e.g. public works, employment guarantee schemes)

The main rationale of social protection is to help and mitigate the risks and its impact on the poor since everyone has the right to benefit from a decent standard of living. According to the United Nations (2001), social protection is viewed as a combination of public and private

policies and plans produced by the societies in order to help the families hit by any unexpected circumstances by offsetting their fall in income. Likewise, it also includes the provision of basic health care and housing to the people. It covers different public and collective measures provided by the society to protect the individuals and families from any decline in the standard of living arising from the possible basic risks and needs (Van Ginneken, 2003).

According to Devereux and Sabates-Wheeler (2004), social protection can be differentiated between protective, preventive, promotive and transformative. The assistance provided to those who are not able to work and to the specific groups such as abandoned children or orphans are classified under the protective interventions. However, the preventive element includes social insurance which target the lessening of poverty directly whereby insurance are provided to the people who have been exposed or are potential victims of economic and financial shocks. The social insurance measures refer to the legal system of pensions, health insurance and other benefits. Moreover, promotive measures target at improving the real incomes and capacities through the provision of subsidies inputs, micro-finance and school-feeding programmes. Finally, the transformative measures encompass the social equity and exclusion aspect whereby they aim at preserving human and worker's rights. Interventions include changes in the regulatory framework in order to support disabled or victims of discrimination and abuse.

Social protection can be studied from two broad perspectives, which are namely the formal and informal social protection (Kasseeah and Tandrayen-Ragoobur, 2011). The formal social protection comprises of the actions taken by the public sector either alone or in partnership with other non-governmental organizations with private sector that have legal backing. However, informal social protection refers to the transfers made to families from individual philanthropic donations, communities, faith based as well as non-governmental organizations (Kasseeah and Tandrayen-Ragoobur, 2011). Table 2.1 summarises some of the main concepts associated with social protection.

Table 2.1: Definitions

Social assistance	Public actions designed to transfer resources to groups deemed eligible due to deprivation. Deprivation may be defined by low income or in terms of other dimensions of poverty (e.g social or nutritional status).
Social insurance	Social security that is financed by contributions and based on the insurance principle: that is individuals or households protect themselves against risk by combining to pool resources with a larger number of similarly exposed individuals or households.
Social protection floor	<p>According to the ILO's recommendation No. 202, "<i>member States should establish and maintain national social protection floors as a nationally defined set of basic social security guarantees which secure protection aimed at preventing or alleviating poverty, vulnerability and social exclusion</i> (ILO, 2012a). On the whole, it points out that they should have a minimum protection such as:</p> <ol style="list-style-type: none"> 1. Having access to essential health care including maternity care. 2. The provision of proper education, care, nutrition, basic income security for the children as well as other essential goods and services. 3. As a basic income security for active age persons in the event that they do not earn sufficient income due to unemployment, sickness, disability or maternity. 4. Assuring the necessary level of income for older persons according to the Recommendation No. 202, paragraph 5. <p>The Recommendation 202 also stipulates that the basic social security should be enforced by legal means whereby all residents and children, as defined in the national laws and regulations, can benefit from it.</p>
Social protection programmes	These are rules which ensure that beneficiaries receive social protection benefit. Such decree encompasses the specification about the geographical and personal scope of the programme, the kind and amount of the benefits, the period and the mode of financing. A scheme can be set by one or several social security institutions, which provide the benefits and financing. However, one institution will direct more than one benefit programme.
Social security	Social security covers all the measures which provide cash or non-cash benefits to secure protection related to insufficient income due to sickness, disability, maternity, old age, unemployment, injury at work or death of a family member. It helps the beneficiaries to gain access to health care while also taking charge of dependent children and adults. The scheme also fights against general poverty and exclusion from the society. Social security can be resumed into two categories, which are income security and availability of medical care.
Social transfer	Transfers of social security benefits can be in cash or kind. They represent transfers of income or goods and services from active people to the old, sick and poor. They are qualified to receive such aid as they fulfil the criteria of being of a specific age or specific resource conditions.

Source: ILO, 2012, Norton (2001)

As mentioned earlier, the term ‘social protection’ has a broader perspective than ‘social security’. It frequently includes the protection provided between family or community members. However, it can also include only measures regarding the poorest, most defenceless and excluded members of the society. The ILO uses both terms interchangeably.

2.2 Social Protection around the World

Social protection policies have a significant importance in defining human rights and help to reduce poverty, inequality while promoting an inclusive growth. Efforts in extending social protection in many developing countries such as Brazil, China, Ecuador and Mozambique have underlined the key role of social protection in reducing poverty and vulnerability, redressing inequality and boosting inclusive growth.

Social protection for women and men of working age consist of different facets. It is a support to them by smoothing their generation of income in case of unemployment, injury at work, disability, sickness and maternity. Social protection ensures that they have the necessary level of income security. Social security systems in countries are regarded as one encompassing the area of employment injury, the old- age pensions, disability and survivor’s benefits. It also includes health, sickness and maternity coverage. In many countries the programmes set up to provide protection lack legal back up. While most of the children’s coverage is almost fully achieved in high-income countries, some middle-income countries have made great progress in the universal coverage. As Argentina demonstrates, the universal child grant brought forward in 2009 reached the families of unemployed people as well as those in the informal economy (Bertranou and Maurizio, 2012a).

However, despite being conceded widely as a fundamental human right, benefiting from social security still remains unfulfilled for the great majority of the world’s population. While a low proportion of 27 per cent of the world’s population get access to an all-inclusive social security systems, 73 per cent are partly covered or not at all (World Social Protection Report, 2014). By not giving adequate social protection coverage, the economic and social development is affected. Absence of such protection can lead to high and unrelenting levels of poverty while inequality and economic insecurity would amplify. On the other hand, social protection is a major driver to promote human development, inclusive growth and political stability. Nonetheless, while middle-income countries have the tendency to adhere to the

mechanism of the social security system, its success is somehow mitigated by fiscal consolidation and adjustment measures.

However, since the early 1900's, remarkable progress has been recorded in the extension of social security coverage and the set-up of comprehensive security systems. In most European countries, and large parts of the Americas, by 2012, the social security schemes are included in the law. In the same vein, noticeable progress has been made in Asia, the Pacific as well as North Africa, Middle East and sub-Saharan Africa. Some countries have a particular economic structure whereby they tend to provide social security systems in phases while addressing their national circumstances and priorities.

On a global scale, the allocation of public social protection expenditure out of GDP amount to 2.3 per cent which ensures income security during working age compared to regionally, 0.5 per cent in Africa and 5.9 per cent in Western Europe. As better social protection and health care is provided, workers will be able to find and retain decent and productive employment. In order to ensure the efficacy and the sustainability of the social security systems, it is important that the policies regarding social protection, employment, labour market and wage, move in tandem.

In spite of major progress, according to ILO estimates, half of the world's population has no social security coverage and only ¼ of the world population has 'adequate' social security coverage (Ginneken, 2003). Comparatively, in OECD countries around 90 per cent of the world's population has social security coverage. According to Sigg (2005) less than 10 per cent of the population in Sub Saharan and South Asian countries benefit from social protection. Chen (2008) argues that there are many factors behind, the large and growing coverage gap in social protection. To begin with, many developing countries have never been welfare states and the majority of the workforce in most developing countries has never been formally employed. Hence, social protection remains a major issue in most developing countries, the more so, in the informal sector.

2.3 The Informal Economy

Studies on the informal sector grew out of the dual economy literature (Lewis 1954, Todaro 1969). The term 'informality' is associated with unprotected workers, excessive regulation,

low productivity, and unfair competition, evasion of the rule of law, underpayment or non-payment of taxes, and work “underground” or in the shadows (Perry et al 2007). Hart (1973) was the first one to recognise the informal sector in his study of the Ghanaian labour market. Lewis (1954) proposed a theoretical model of economic development where there is an unlimited supply of labour in the informal sector or in subsistence agriculture. The model implies that as formal sector develops, its demand for labour increases, absorbing this excess labour, which subsequently leads to a shrinking informal sector (Chen et al., 2002). Labour market theory, however, suggests an increase in informal activities as a result of economic turmoil, since informal employment can act as a buffer when people are laid off in the formal sector and need to find new job opportunities.

The term ‘informal economy’ became widely used to describe a dualistic economic structure present in the developing countries where issues such as economic opportunity, equity and social development are of great concern. Consequently, this concept was used in different reports on labour market conditions brought forward by the ILO. However, the term is usually used to make reference to that part of the labour market in the developing countries that has engaged considerable numbers of jobseekers (mostly self-employed) and to the workers in very small production units (ILO, 2000). Informal activities are frequently distinguished by the low levels of capital and skills, as well as restrain access to organised markets and technology. Moreover, the informal sector also favours low and unstable incomes with poor and unpredictable working conditions.

ILO (2000) defines activities in this sector as being outside the official statistical records and government regulations, while also having an unconventional labour system and social protection. Even though it is difficult to get the accurate figures concerning the informal sector, the reality is that this sector is gaining worldwide importance (ILO, 2002). The ILO emphasizes that, *‘it is not so much that the informal sector exists, but that its magnitude has remained at high levels in developing countries, that it has exploded in transition economies and that it has also emerged, contrary to predominant thinking, in advanced countries’*.

Paragraph 5 (1) of the 15th ICLS resolution states:

“The informal sector may be broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of

organization, with little or no division between labour and capital as factors of production and on a small scale. Labour relations – where they exist – are based mostly on casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees.”

The U.S Department of Labour (1992a), defines the informal economy as comprising any economic activity, which occurs outside the official regulated economic system and for which official records keeping and regulations are bypassed. King and Abuodha (1995) emphasised on the difficulties of operationalising and quantifying the informal sector due to its heterogeneity and immensity. This sector is not a uniform one while huge disparities also exist between countries, regions and trades (ILO, 2001).

Researchers have used different labels to define the informal sector. Ferman and Ferman (1973) called it the ‘irregular economy’ while Gutmann (1977) sees it as the ‘subterranean economy’. The term ‘black economy’ was used by Dilnot and Morris (1981) compared to the label of ‘underground economy’ (Simon and Witte, 1982; Houston, 1987). Moreover, the ‘shadow economy’ term was also used by Frey *et al.*, (1982) and Cassel and Cichy (1986) while McCrohan and Smith (1986) prefer to name it the ‘informal economy.’ However, the traditional media broaden the significance by using the terms clandestine, unrecorded, invisible, hidden, submerged, non-official, and irregular and shadow, according to the U.S Department of Labour (1992).

Till now, researchers and policy-makers alike have not been able to reach a consensus on the definition of ‘informality’ given that different countries with different levels of development and different regions can have their own interpretation of ‘informality.’ Any definition used has to be acceptable to countries from different parts of the world whose economic, social and institutional situations differed widely. It thus has to be broad enough to encompass the different manifestations of the informal sector in different countries. And it has to be sufficiently flexible to adapt to national circumstances, even though such flexibility might adversely affect the international comparability of the statistics for certain descriptive and analytical purposes.

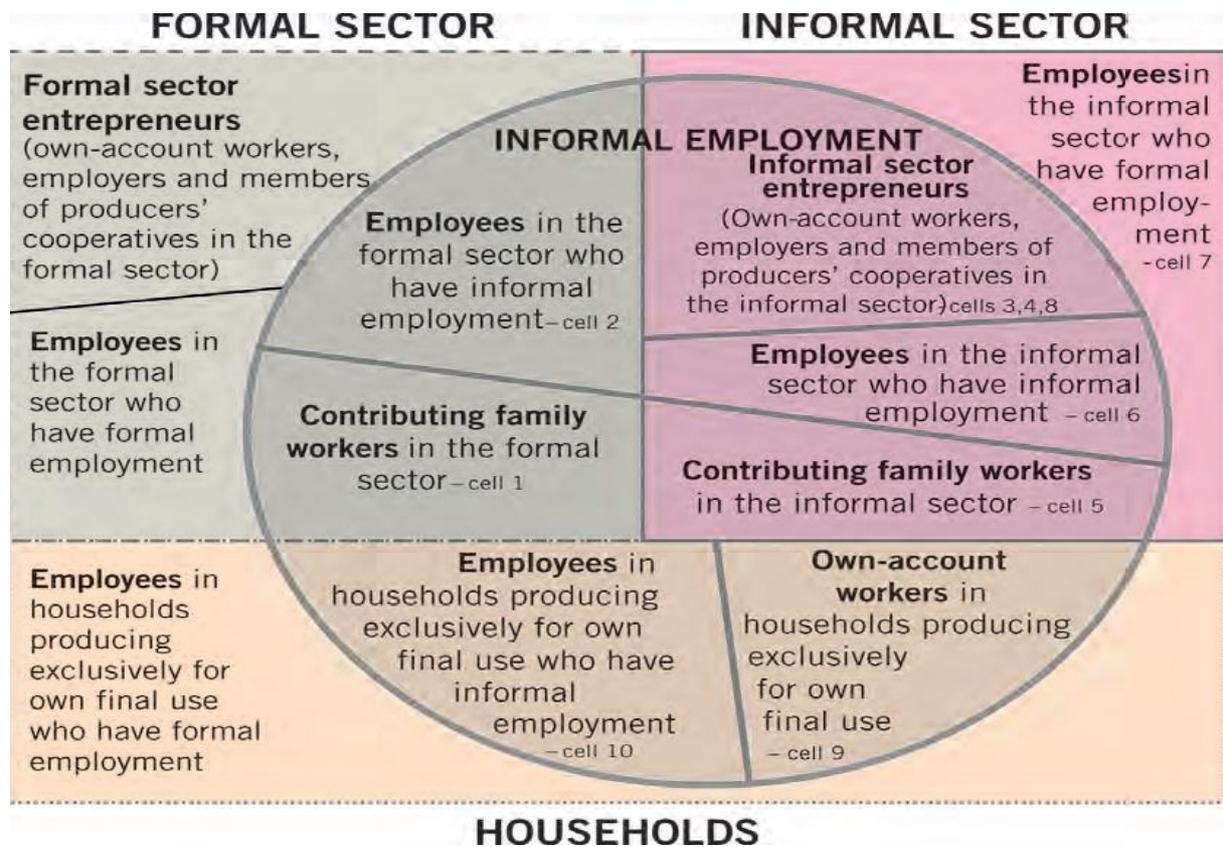
Informal employment encompasses workers in all employment status categories: employers, employees, own-account workers, contributing (unpaid) family workers and members of

producers' cooperatives. Although the employment relationship of workers in informal employment is very heterogeneous, they share a basic vulnerability, namely, their need to be self-supporting and to rely on 'informal' arrangements (ILO, 1991, pp.5-6). For example, workers in informal employment lack access to modern capital markets, to formal training and to official social security systems. In addition, by definition, they receive little or no legal protection. It is these characteristics that are responsible for the low-quality and precarious nature of informal employment and for the fact that it remains outside the legal and institutional structures of the modern economy. There are two broad arms of the informal sector: employee and self-employed.

It is vital to note that the concept of employment in the informal sector is different from the concept of informal employment, i.e., persons employed in informal jobs. According to the Informal Sector Guide of the ILO (2013), informal employment is defined as comprising:

- (a) own-account workers and employers employed in their own informal sector enterprises (household unincorporated enterprises with at least some market production that are unregistered or small in terms of the number of employed persons (e.g., fewer than five employees));
- (b) all contributing family workers;
- (c) employees holding informal jobs, i.e., employees not covered by legal protection or social security as employed persons, or not entitled to other employment benefits such as paid annual or sick leave;
- (d) members of informal producers' cooperatives (not established as legal entities); and
- (e) own-account workers producing goods exclusively for own final use by their household (if considered employed).

Figure 2.1: Components of Informal Employment



Source: ILO (2013)

Firms/ Enterprises in the Informal Sector

A way of identifying informal firms that is proposed by the ILO is to look at ‘household unincorporated enterprises.’ A household unincorporated enterprise is viewed as a producing unit that is not a legal entity separate from the household. This means that the accounts of the business are not kept separate from that of the household. Hence there is no means of distinguishing between the flows of income and capital of the business owner or the household. Household unincorporated enterprises include unincorporated enterprises owned and operated by individual household members or by several members of the same household, as well as unincorporated partnerships formed by members of different households that do not maintain a complete set of accounts (ILO, 1993a, paragraph 7, and UN et al., paragraphs 4.155 and 4.156).

The firms in the informal sector are categorized as neither registered nor regulated by the Government. Besides, the size of a business is one of the criteria that is used to define the informal sector (Morrison, 1995). Accordingly, in this sector, there is self-employment and micro-enterprises with less than 10-20 employees. Another aspect is the legal informalities of the firms who do not comply with the legal framework in regards to taxes, labour laws and conditions of work (Morrison, 1995).

As stated in the Informal Sector Guide of the ILO (2013), the term 'enterprise' is to be understood in a broad sense as referring to any unit engaged in the production of goods or services for sale or barter. It covers not only production units that employ workers or purchase services from other units, but also those that are owned and operated by single individuals working for their own account as self-employed persons, either alone or with the help of unpaid family members. The production activities may be undertaken inside or outside the business owner's home, and they may be carried out in identifiable premises, unidentifiable premises or without a fixed location. Independent street vendors, taxi drivers, home-based workers, etc. are thus all considered to be enterprises. Because the conventional understanding of the term 'enterprise' is generally restricted to units in fixed visible premises away from dwellings, the manual uses the term 'economic unit' instead.

Informal businesses are mostly micro or small firms operating but with no official records of their figures with the authorities. They need to have the appropriate support for development in their economic activities and contribution to reduce poverty. According to Dijk (1992), small firms have a positive role to play whereby it is important to have horizontal and vertical links among independent firms. Their connections with the suppliers and the clients can help them cooperate and complete each other, no matter their sizes.

There existed a belief, until 1990s, which was accepted worldwide, whereby the informal economy was seen to exist only in marginalized populations (Blair and Endres, 1994; Button, 1984). The 'marginality thesis' put forward that this sector was mostly dominated by the unemployed, women, ethnic minorities and the people living in underprivileged areas. Based on that, the people and businesses could therefore be classified as being formal or informal workers and firms. However, with the new empirical studies performed, it is understood that the unemployed do not participate in informal work to the same degree as those in the formal employment (Marcelli *et al.*, 1999). It was also found that there is no strong relationship

between ethnicity and participation in the informal economy. The ethnic minorities are only a small fraction of the informal labour force (Jensen *et al.*, 1995; Williams and Windebank, 1998).

The focus of this study is on the informal self-employed, specifically the informal production units which comprise “production activities that are legal when performed in compliance with relevant standards or regulations but are deliberately concealed from public authorities to avoid paying income, value added or other taxes, paying social security contributions, having to meet legal standards such as minimum wages, maximum hours, safety or health regulations, etc. or complying with administrative procedures such as completing statistical questionnaires, tax returns or other administrative forms” (ILO, 2013).

2.4 Characteristics of the Informal Sector

There are basically two different but interrelated ways of viewing and defining the informal sector. One approach views enterprises in relation to the legal and administrative framework in force and defines the informal sector as being made up of enterprises that do not conform to this framework in some way. It assumes an intrinsic relation between non-registration and informality. The second approach views the informal sector as constituting a particular form of production, in terms of the way the enterprises are organized and carry out their activities. Supporters of the second approach maintain that the informal sector is not identical to the unregistered sector. They stress the need for a clear conceptual basis in defining the sector and point to the problems that a criterion based on registration may pose for the comparability of informal sector statistics between countries, between different areas within a country and over time. They also cite practical difficulties in obtaining information about the registration of enterprises, as the registers may not be updated, their owners may be reluctant to provide information about non-registration, and other respondents (e.g., employees) may be unable to do so. They view non-registration as a characteristic of the informal sector rather than as a criterion for defining it. If viewed from this perspective, there may be informal sector units that are registered, and therefore such lack of registration is neither a necessary nor a sufficient criterion for classifying them in the informal sector.

Most studies, view the informal sector as consisting of unregistered and/or small unincorporated private enterprises engaged in the production of goods or services for sale.

The enterprises typically operate at a low level of organisation, with little or no division between labour and capital as factors of production and on a small scale (ILO, 2011). Labour relations are based mostly on casual employment, kinship or personal and social relations. The informal sector thus largely comprises of economic activities not regulated by environmental laws, labour laws or taxation, but can be subject to the regulations of authorities for orderly business operation. Some examples of retail-based activities are market vendors, road-side stalls, shoe-shining, and hawkers, dress-making and street vendors among others.

When trying to define the informal sector, the focal point of the economists and tax specialists are the unregulated but cash exchanges (Gutmann, 1977; Feige, 1979; Simon and Witte, 1979; Schoepfle *et al.*, 1992). A wider perspective emerges from the point of view of anthropologists and sociologists when they consider the role of the informal economy as an economic plan for households or a means to pull together communities. In this respect, they include both cash and non-cash exchanges between and within households (Pahl, 1987; Levitan and Feldman, 1991).

In an informal sector, the most common means to settle dealings is by cash instead of other methods such as cheques, cards or bank transfers. The rationale behind is to prevent any transaction from being recorded (McCrohan *et al.*, 1991). It is also known as ‘off the books’ transaction or ‘under-the-table’, whereby the transaction becomes untraceable. In the same vein, bartering (swapping) is also common whereby one person offers his service to another instead of making a payment. As the transactions are settled either by cash or barter system, there is no record of the income paid and received. In this case, following a mutual consent, the informal workers do not claim their income on the tax forms while the employers do not duly fill the records for taxes. However, in the US, this sector mostly contains wage workers than entrepreneurs (Castells and Portes, 1989).

When referring to the informal sector, economic activities can be determined to be legal or not by the way the production and exchange of the goods and services are performed. For example, clothing, food and child-care services are lawful commodities, which may be available in a regulated framework or can also originate from unregulated production networks (Raijman, 2001).

An important aspect which characterises an informal sector is the poor conditions under which the workers are hired. The labour laws, health conditions, insurance and safety hazards do not conform to the legal framework (Castells and Portes, 1989; 13). The formal sector is regarded as superior since in the informal one as there are no proper earnings and security and protection against abuse of workers. Besides the payment which may be below the minimum wage, the workers are not covered by any unemployment insurance as well as the provision of social security or worker's compensation. Moreover, the aspect of age, wage and hours of work are normally ignored.

The informal sector favours economic activities and employment outside the proper regulatory framework (complying with fiscal, environmental and labour regulations). Accordingly, authorities have little control on the work conditions as well as the remunerations of the workers. In developing countries, a significant percentage of labour force deals mostly with agriculture dominated by small and subsistence farming. Most businesses tend to be limited in size since they do not possess the required skills, education and adequate physical resources. As a result, the entrepreneurs are most likely to be ignorant about the measures of compliance. Adhering to the official institutional framework could be a burden as well due to the associated financial cost and time consuming bureaucratic and administrative impediments. Nonetheless, many are not really aware about the advantages they could reap by abiding to the official framework.

As far as the informal sector is concerned, issues of entrepreneurship, skills, market access and microfinance should not be excluded from the discussion. ILO points out that most of the time, access to finance is the most important single factor to set up an enterprise, while also ensuring its survival and to maintain jobs (ILO, 2002b: 115). Microfinance institutions are regarded as having the potential to play a major role in easing access to financial and other resources or services for the informal sector workers (ILO, 2007a: 14). ILO is constantly exploring original ways to help these enterprises through a range of entrepreneurship development programmes. The ILO, however, stresses on the *'need to adopt a strategy of focusing on certain subsectors/clusters benefiting the most marginalized and socially excluded groups, including youth and women'* (ILO, 2007a:11). Alarm has also been raised to point out the importance of adapting various mechanisms to the wide range of the informal economy units and businesses. It can be achieved by giving more consideration to subjects such as family business, lower educational level, gender, ethnicity among others.

2.5 An Overview of the Informal Sector in Low Income and Middle-Income Economies

Interest in the informal sector has been growing due to its expanding activities in low-income and middle-income countries (Losby and Edgcomb, 2002). Early literature has focused mostly on these countries rather than high-income economies, where the informal sector is not deemed to be prevalent although research does indicate that the informal economy is a worldwide issue (Feige, 1979; Gutmann, 1979; Tanzi, 1982). There are several reasons why the informal activities have gained in importance in the developing countries. The low rate of industrialization and productivity as well as the presence of excess supply of labour are the main explanations of the emergence of the underground economy in low-income economies (Breman, 1980). Moreover, it is also generally recognized that the use of low level technology and intensive cheap unskilled/semi-skilled labour in these countries have favoured the emergence and rapid growth of this sector. As a result, the informal sector is even considered to be a surviving sector in less developed economies.

Swaminathan (1991) proposes that mass poverty and unemployment are important factors of influence. He also points out the need for survival that arises to cause a small-scale enterprise to operate informally. According to ILO and WTO (2009), a number of workers in many developing countries, are working in the informal economy under precarious conditions such as lack of job security, inadequate remuneration and no social protection.

According to the ILO (ILO and WTO, 2009), there has been a massive job creation between 1995 and 2005 due to global expansion. However, the working conditions have not been improving at a decent rate. Job creation walked in tandem with the emergence of non-standard work contracts in the developed countries, while in the developing ones, there were more temporary work, part-time employment and an increasingly large informal economy (IILS, 2008). It is easier for the workers entering the market to get casual employment in home production or without a formal agreement or adequate social security conditions (pensions, health care, occupational accident insurance and unemployment benefits). Conversely, those who are employed in the formal sector are often tempted to drop out for the informal one, in search of a higher net disposable income. Nevertheless, the informal workers are the ones who are more likely to suffer when unexpected changes strike the market. They have to accept severe cuts in wages and are less likely to take part in training and educational programmes offered by the government (Kucera and Roncolato, 2008).

Large informal economies also hinder the growth potential of the developing countries as they integrate the world economy. They become vulnerable to shocks in the market where their exports are also affected negatively. As a result of this, high degree of informality dampens the possibility of a higher growth rate of income and productivity (Lopez and Servén, 2009; Perry *et al.*, 2007). However, successful formalization would be an adequate solution in improving the working conditions and triggering further economic growth nationally and globally.

2.6 Gender and the Informal Sector

For many years, the gender aspect was ignored in the abundant studies performed about the informal economy (Hoyman, 1987; Nelson, 1999). As a matter of fact, they were not clear about the person in the household who was involved in informal economic activities and did not take gender as a variable of interest. In the same vein, no distinction was made when referring to individuals within a household by Tickamyer and Wood (1998). The distinction between formal and informal employment is of particular importance for policy-oriented monitoring of gender issues. Informal employment is a major source of employment for women. Given the multi-segmented nature of the labour market, a reliable picture of the progress being made towards the goal of women's equality in employment requires a cross-classification of status in employment, employment in agriculture and non-agricultural sectors and formal and informal employment.

Women's employment in the informal sector is expanding. For some women, especially those with access to capital funds and requisite skills, options include starting new businesses such as dress shops or retail stores, raising livestock, and other things. But for many women in poor households who have little or no capital base, these options entail self-employment as petty traders and market vendors or craft producers. However, given that informal sector occupations do not offer social security or any employment, the number of precarious and informal labour arrangements during an economic contraction is likely to proliferate.

Women play an important role in the informal sector, especially in Africa (Charmes, 1998; Chen, 2001) and account for most of those employed in the informal sector (International Labour Organisation, 2002; UNIFEM, 2005). Pines *et al.* (2010) find that the percentage of women entrepreneurs is higher in countries where the general income per capita is small and

where women have no other option for making a living. From the perspective of diversity, equality and inclusion, entrepreneurship can be viewed as a means for inclusion of women and other marginalised groups in countries, especially low-income countries, in which they suffer from lack of equal opportunities and social exclusion.

The ILO set up the Women's Entrepreneurship Development and Gender Equity Programmes aiming to support women who want to become an entrepreneur. However, the main obstacle faced is the absence of legal property rights for women entrepreneurs. Moreover, in some specific contexts, women are treated as inferior compared to their fathers, husbands, brothers or sons and in some cases, it is even included in the common law (ILO, 2002b: 114–5; Aliber, 2002; Carr and Chen, 2002). Women, despite being an entrepreneur, cannot be productive and generate additional value since they are not able to use the resources needed, as they have a restraint access to legal property rights as well as intellectual property (ILO, 2002b: 113).

Nowadays, more women, like never before, are involved in paid employment while the labour markets across all regions are sex-segregated with the women 'concentrated in lower quality, irregular and informal employment' (Heintz, 2006). In search of cheaper labour by the multinational corporations due to tough global integration and competition, women in the informal economy are found to be the weakest links in the global value chains (Chan, 2003; Jauch, 2002). However, the women who are the most affected by this phenomenon are from the global south and the migrants working in international contexts (Rossignotti, 2006). Despite having a job, most women remain in the shadow of informal work such as domestic labour, piece rate home-based work and aid provider in small family businesses. As a result, they receive low, irregular or no payment at all, combined with the lack of social security while also being unable to fight for the international labour standards and human rights (Abramo and Valenzuela, 2006; Carr and Chen, 2002; Fernández-Pacheco, 2003a, b; Reinecke *et al.*, 2006; Vega Gramunt, 2004).

According to Hoyman (1987), in the US, the data required to find out the relative proportion of men and women engaged in the informal economic activity are by and large, not available. On the other hand, O'Neil (1983) finds that men are more likely to be engaged in informal activities than women. By using the data from the US Census Bureau's Current Population Survey (CPS), and other statistics, he found out that 27.1 per cent of adult men against 13.5

per cent of women are involved in the informal economy. Hoyman (1987) pointed out that many occupational categories are “so sex-segregated”. In other words, it can be assumed that all the workers in a specific occupation would be all men or all women. Moreover, he also found that all the occupations that have a high percentage of non-payment of social security involved mostly women. For example child care, nursing, cosmetology and sewing.

It should be noted that in some countries, according to estimation, 2/3 of the informal sectors workers are women. They often find themselves into this sector due to the lack of education and skills while they are also excluded from more remunerating jobs where more refined technical skills are needed (ILO, 1995). Fernández-Pacecho (2003b: 180) put forward 3 main types of increasing concentration of women in the informal economy, which are mainly subsistence informality, subordinated informality and lastly the informality regarding the small scale enterprises with 5 or fewer workers.

The training aspect is crucial for women in the informal sector. Improving their skills and abilities result in greater access to gainful jobs while they become more productive and can earn more (ILO, 2007a: 11; Gallart, 2002). However, women, especially the poor, can face several obstacles if they want to follow the formal training systems as they may be isolated in their homes and do not have access to the facilities or can be constrained by their social and cultural environment (Haan, 2007). Moreover, according to Silveira (2005) and Silveira and Matosas (2003), training can boost entrepreneurialism and cooperation.

However, based on the above characteristics of the informal sector, women entrepreneurs operating in the informal sector are at a disadvantage. They benefit from little or no social protection against illness, disability, unemployment, old age or even the death of the main income earner (UNESCAP, 2006). Firms operating in the informal economy are usually small and they often face barriers to growth as they cannot access a range of social benefits and have fewer possibilities to participate in formal education and training (Bacchetta *et al.*, 2009).

2.7 Social Protection and the Informal sector

According to the OECD, the rise in the informal economy is the result of prevalent poverty situations mixed up with low level of education for a majority of the population along with a

severe lack of social safety nets (Franco, 1999). Developing countries are not the only ones facing the challenge of the informal sector but developed economies as well. It has been estimated that about 20 million workers depend on this sector in the European Union while the informal sector accounts for around 15 per cent of GDP in OECD countries (Karl, 2000). The statistics on informal employment is very important since it helps to investigate the relationship between gender, work and poverty (Chen *et al.*, 2005).

Poverty can be reduced through the empowerment of the poor (MPRSP, 2002). This can be done through better human capital development, an increasing and sustainable economic growth targeting the poor while also improving their standard of living. According to Biswajit and Mahajan (1989), the empowering of the small and micro enterprises can help in reducing the level of poverty whereby creating a positive impact in less developed countries. This could be done by attracting international institutions, which can fund the enterprises to lead them to higher rate of growth.

One of the main problems of operating in the informal sector, though, is that businesses cannot benefit from the number of support schemes provided by the government and other non-governmental organisations. In many countries, especially poor countries, a heavy burden of taxes, bribes, and bureaucratic hassles drives many producers into the informal sector (Azuma and Grossman, 2002). For instance, establishing a business in the formal sector in SSA is a complex, lengthy and costly undertaking contributing to the reasons why enterprises remain informal (Verick, 2008).

Activities in the informal sector also provide a great opportunity for many poor people to earn a living to at least survive. It is sometimes that only way out of poverty and hardship. Workers in the informal sector can even earn more than those regular workers in the formal sector if they are employers themselves or are skilled self-employed workers (Chen *et al.*, 2005, pp. 47-49). The studies of Chen (2001) and Katungi *et al.* (2006) prove that there is a positive relationship between participation in the informal sector and poverty. As mentioned earlier, in many developing countries, a majority of workers are employed in the informal economy which generally lack basic social or legal protections or employment benefits, involve high risks and are usually of a bad quality. Jobs in the informal sector are also associated with long hours, poor health and safety, high job insecurity, no worker representation and few opportunities for skill enhancement. In many developing countries,

there has been increasing informalisation of the labour force over the past few decades and also growing feminization of the labour force, which has reinforced the need for social protection (Lund and Srinivas, 2000).

Women in the informal sector usually operate at lower level than men, by being workers and not employers (Sethuraman, 1998). In addition to this, women are more prone to poverty since they are engaged in activities which are less remunerating than men. This argument is substantiated by Chen (2001), who finds that there is a relationship between the active women in the informal sector and their level of impoverishment. In the same vein, studies of Sookram *et al.* (2006) and Sookram and Watson (2007), find that women have tendency to lead in the 'household' informal sector while men to dominate the 'business' informal sector. Charmes (2000) finds that there is a gender wage-gap in the underground economy which is even wider herein than in formal sector. Reasons for this discrepancy are that the men tend to perform higher level jobs with higher pay than women and that informal sector jobs have the tendency to be inferior to the formal sector work.

The informal sector and the services provided by the microenterprises development are closely linked. In the same vein, social protection framework should not be left aside especially with regards to women. The society in this 21st century faces numerous challenges in trying to set up the best system to ensure that the people are protected against any loss that may arise due to incapacity, old age, unemployment or death. However, due to the ever existing poverty situations in several countries, the informal economy is taking ascendancy to become a worldwide phenomenon. Moreover, poverty linked with the informal economy, both result to a third issue which is the efficacy of social provision (insurance) measures. While employment in the developing countries compared to the developed ones vary substantially in terms of quality and other characteristics, it should be noted that not all the people in the informal sector are poor nor all the poor are in this sector. Having an appropriate social protection cover surely improves the working environment which results in social justice and solidarity.

Several countries have made significant progress in extending the coverage of social health insurance. A comprehensive social insurance system typically includes schemes covering sickness, maternity, old age, invalidity, survivors, family allowances, employment injury and unemployment. However, as pointed out by Jones and Stravropoulou (2013) and Ulrichs

(2016) such comprehensive schemes are restricted to the fortunate few comprising mainly civil servants and formal sector workers. For the improvement of protection in countries having a high percentage of informal employment (usually accompanied by a large scale of structural under-employment), it may be essential to have a combination of a variety of measures. These may embrace employment guarantee programs together with unemployment insurance, social assistance and or other cash transfer programmes.

Some Empirical Evidence

Good practices of formal national social insurance systems have been extended to informal, self-employed workers and evidence can be found in Brazil, Chile, China, Ghana, Rwanda, South Africa and Vietnam. This is due to the fact that a significant proportion of the informal economy workers are willing to pay ‘affordable and fair’ contributions (van Ginneken, 2009).

Holmes and Scott (2016) also find that women are overrepresented in informal low-wage, irregular and casual work, often with no employer. However, as argued by Homes and Scott (2016), while an increasing number of countries are extending social insurance to informal workers, most policies remain gender-blind or gender-neutral. This indicates the need for gender responsive reforms. There are still significant gender gaps in the coverage of the social protection of informal workers. Similarly, Lung and Srinivas (2000) find that a large portion of the population is engaged in self-employment and in informal activities and it is difficult to cover them under formal schemes of employment benefits, insurance and other benefits.

Sim and Hamid (2010) study social protection in Malaysia, a country which suffers from the ‘middle-income trap’ in that it aspires to move to the high-income country status but finds it quite challenging to do so. Similar to most middle-income economies, Malaysia has a multi-pillar social protection system and a number of formal social support programmes. However, the country still relies on informal social support, for instance transfers by children to their old or retired parents.

Unni and Rani (2002) in their study of social protection for informal workers in India describe social protection as a term that encompasses a number of concepts. In fact, it is an umbrella term for social security. Unni and Rani (2002) propose that given the dimension of

informal economy in India and the massive and persistent poverty, it is vital for social protection to include employment and poverty reduction. Workers in the informal economy in India face two main types of insecurity. First they are subject to random shocks that hit their households from time to time and these include illness or untimely death. Second, the presence of structural features of the household or the individual and these features do not change over time. These features include age, gender, marital status, ownership of assets and caste. Unni and Rani (2002) conclude that innovative and easily implementable methods of mobilizing resources are likely to be the one of the key challenges for policies for social protection. As Beteille (2001) puts it, it appears that even if Indian planners have never been at a loss to fashion attractive policies, they have typically lacked the will to implement them.

Mehrotra and Biggeri (2002) study the social protection needs of home-based workers. Their study is based on surveys conducted in five Asian countries consisting of two low-income countries such as India and Pakistan and three middle-income countries such as Indonesia, Thailand and the Philippines. In all the countries, home-based work is widespread. Mehrotra and Biggeri (2002) emphasize the dual character of subcontracted home-based work given that, on the one hand, home-based work is an important source of income and plays a central role of earning activities in the welfare of households, but on the other hand, home-based work suffers from poor conditions of work and health issues. Home-based work is also associated with poor pay that keep households close to the poverty line and therefore make them highly vulnerable. Mehrotra and Biggeri (2002) emphasize the need for policy to improve social protection especially for home-based informal sector workers. They propose something similar to the Indian case where identity cards are issued to home-based workers to enable them to claim some benefits related to social protection. Pakistan created a registration board so that informal sector workers could identify themselves.

Huong *et al.* (2013) claim that in Vietnam, only one in five workers is covered by the public sector social insurance scheme. Huong *et al.* (2003) find that there is a major gap regarding the informal sector and informal household-business characteristics. Hence there is a need to conduct large-scale surveys regarding household businesses and the informal sector. Especially in the case of Vietnam, the survey should cover social protection and further characteristics of household businesses as well as the informal sector and the informally employed. Given that the informal sector is heterogeneous both within countries and across

countries, there is no 'one size fits all' solution. This further strengthens the need for country-specific research regarding the issue of social protection.

CHAPTER 3

SITUATIONAL ANALYSIS

3.0 Introduction

In this new era of globalisation, policy makers in Mauritius are concentrating their attention towards the creation and promotion of sustainable and modern sectors such as the Ocean economy, Information and Communication Technology, Business Process Outsourcing sector and the Financial sector. Placing the country as a gateway to Africa, different sectors have been earmarked such as the educational hub, the seafood hub and the medical hub among others. Another interesting aspect in Mauritius is the political atmosphere, which is deemed to be an important factor promoting peace, stability and economic progress.

However, in spite of all this progress, the social protection of women in the informal sector is a major economic and social issue. With the high rate of female unemployment, especially after the phasing out of the Multi-Fibre Agreement, women have been encouraged to become 'entrepreneurs' whereby they can earn their living by being self-employed. The informal sector in Mauritius contributes considerably to the country's economic progress while also helping numerous families to survive. With the limited skills that the informal workers possess, they have no alternatives other than accepting jobs, which they consider to be a one-time opportunity. Nonetheless, these jobs do not, in many cases, provide social protection against injury, death, disability and old age among others.

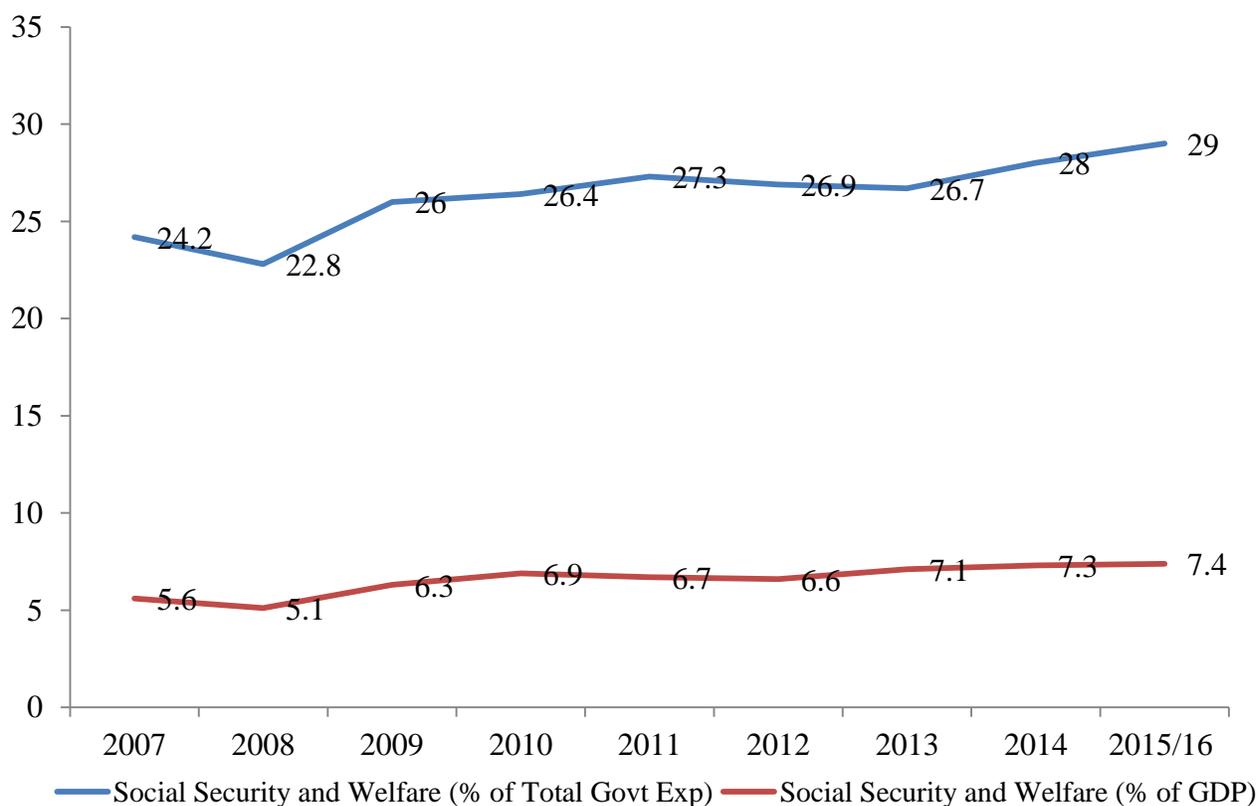
3.1 The Social Protection System in Mauritius

The actual system of social protection encloses a wide range of different programmes and schemes, which are managed by various ministries and other stakeholders. The transfer payments can take several forms ranging from social aid, non-contributory and contributory benefits which include several types of pensions, as well as in kind transfers which encompass medical equipment, educational materials and even vocational training to name a few. The social security coverage system in Mauritius consists of a three-pillar approach. The first pillar consists

of non-contributory benefits payable from public funds. The second pillar consists of contributory benefits such as the National Pension Fund¹ and the National Savings Fund², Civil Servants Scheme and Parastatal Bodies Scheme. The third pillar consists of private insurance (Fatadin, 2013).

Among the different ministries responsible to monitor and provide these social protection schemes and facilities, the Ministry of Social Security, National Solidarity and Environment and Sustainable Development is the main provider. Expenses on social security and welfare in Mauritius occupy a considerable part of the Total Government Expenditure (see Figure 3.1).

Figure 3.1: Social Security and Welfare as a % of Total Government Expenditure and GDP (2007 – 2016)



Source: Data Computed from Statistics Mauritius

¹ Employers and employees of the Private sector contribute to the Fund. The employees benefit from contributory pensions and are covered for industrial accidents.

² Contributions are paid in favour of all workers including public officers. The employees are eligible to a lump sum made of contributions paid and accrued interests thereon at retirement. Employees of the private sector may also benefit from Transition unemployment benefit whenever they lose their job.

It can be seen that expenditure on social security and welfare as a percentage of Government expenditure follows an upward trend rising from 24.2 per cent in 2007 to 29 per cent in 2015/2016. In addition to this, expenditure on social security and welfare as a percentage of GDP grew from 5.6 per cent in 2007 to 7.4 per cent in 2015/2016. Further, the payments made by the Ministry can be categorised into contributory and non-contributory benefits. Non-contributory benefits are those that are entirely financed by the state whereby every Mauritian citizen is eligible. These benefits have known a constant increase over the years. These two types of benefits can be further broken down into the types of pensions that they embrace as in Table 3.1.

Table 3.1: Types of Benefits

Non-contributory benefits	Contributory benefits
<ul style="list-style-type: none"> • Retirement pension • Widows pension • Invalids pension • Orphans pension • Social Aid • Unemployment Hardship Relief 	<ul style="list-style-type: none"> • Retirement pension (Contributory pension) • Widows pension • Invalids pension • Orphans pension • Industrial injury benefits • National Savings Fund Lump Sum • Sugar Industry Pension Fund Lump Sum • Transition Unemployment Benefit

Source: Statistics Mauritius, Fatadin (2013)

Non-contributory benefits also consist of food aid, unemployment hardship relief and funeral grants, which are allotted to low-income groups of the population. In the same vein, inmates allowance and indoor relief payment are also made available. In addition to other pensions available, the contributory benefits also provide allowances for industrial injury. As far as contributory benefits are concerned, the insured worker would be paid according to the amount initially contributed. However, government guarantees a minimum contributory pension in cases where contributions are marginal. The basic retirement pension caters for all Mauritian citizens aged 60 years and above (known as the old-age pension). In essence the number of beneficiaries

of basic pensions has been increasing over the years and reached 206,799 in June 2017, which represents a 16 per cent rise compared to December 2013 (see Table 3.2).

Table 3.2: Number of Beneficiaries of Basic Pensions, Republic of Mauritius

Pension type	Number of beneficiaries				
	December 2013	December 2014	June 2015	June 2016	June 2017 ^{1/}
Basic Retirement Pension	177,721	184,487	188,470	197,037	206,799
<i>of whom severely handicapped^{2/}</i>	16,810	16,812	16,586	16,010	16,160
Basic Widow's Pension	20,511	20,302	20,291	19,890	19,540
Basic Invalid's Pension	30,930	30,715	30,412	29,287	32,300 ^{5/}
<i>of whom severely handicapped^{3/}</i>	6,587	6,485	6,531	6,244	6,775
Basic Orphan's Pension	374	372	376	370	365
Guardian's Allowance	323	321	329	322	314
Child's Allowance	18,022	16,311	16,612	15,368	14,400
<i>of whom children of beneficiaries of:</i>					
<i>Basic Retirement Pension</i>	268	255	241	224	201
<i>Basic Widow's Pension</i>	6,401	5,809	5,968	5,542	5,244
<i>Basic Invalid's Pension</i>	10,851	9,775	9,927	9,147	8,538
<i>Other^{4/}</i>	502	472	476	455	417

^{1/} provisional ^{2/} drawing the Enhanced Basic Retirement Pension (Carer's Allowance)

^{3/} drawing Additional Basic Invalid's Pension (Carer's Allowance) ^{4/} these are children who were previously children of beneficiaries of Basic Retirement Pension or Basic Widow's Pension or Basic Invalid's Pension ^{5/} with effect from July 2016, BIP is payable to persons under the age of 60 as compared to previous years where only those aged 15 to 59 were eligible.

Source: Statistics Mauritius, 2018

Similarly the amount paid by different pension types has been going up from 2013 to 2017 (see Table 3.3). For instance, amount paid on Basic Retirement pension has grown by more than 75 per cent during the same period. This large increase is attributed to the higher amount paid to beneficiaries as from 2014 and also to the rise in the ageing population. For a person aged 60 and below 90 years, he/ she receives Rs 5,810 per month, while for someone aged 90 years and below 100 years, the amount paid is Rs 15,810 per month, and for someone aged 100 years and

above, he/she receives Rs 20,810 monthly. Similarly, a rising trend can be noted for Basic Widow's Pension, Basic Invalid's Pension and Basic Orphan's Pension.

Table 3.3: Amount Paid by Pension Type, Calendar Years 2013 - 2014, Jan to Jun 2015 and Financial Years 2015/2016 - 2016/2017, Republic of Mauritius

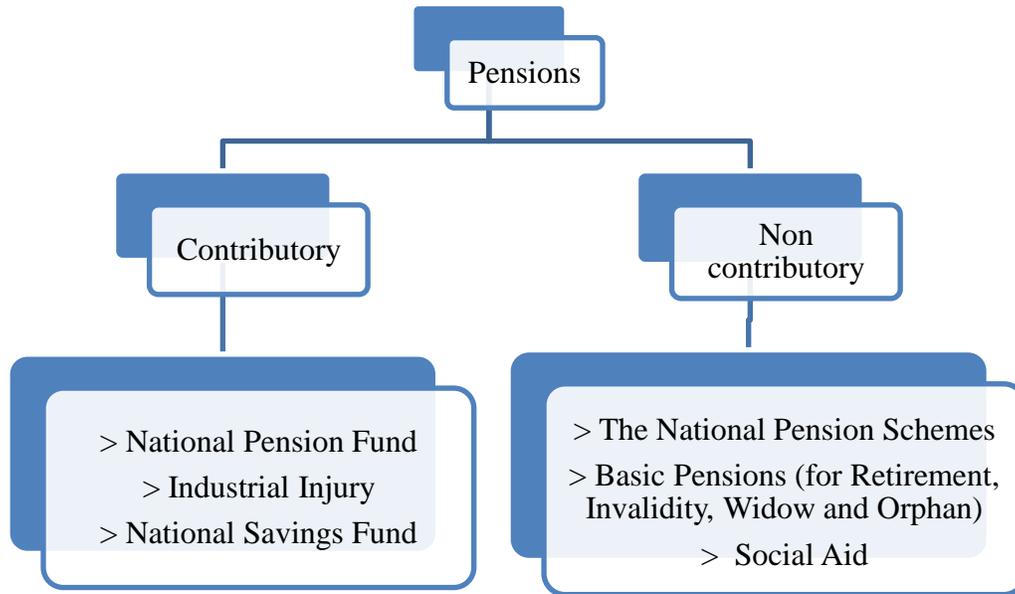
Pension type	Amount Paid (Rs million)				
	Jan to Dec 2013	Jan to Dec 2014	Jan to Jun 2015	Jul 2015 to Jun 2016	Jul 2016 to Jun 2017 ^{2/}
Basic Retirement Pension (including Enhanced Basic Retirement Pension and Child's Allowance)	8,736.6	9,959.6	6,178.5	14,096.1	15,359.6
Basic Widow's Pension (including Child's Allowance)	952.6	1,039.6	669.6	1,454.1	1,482.0
Basic Invalid's Pension (including Carer's Allowance and Child's Allowance)	1,517.4	1,678.7	1,065.6	2,322.0	2,558.6
Basic Orphan's Pension ^{1/} (including Guardian's Allowance)	26.5	27.7	15.0	35.5	35.3

^{1/} includes allowances to children who were previously children of beneficiaries of Basic Retirement Pension or Basic Widow's Pension or Basic Invalid's Pension, ^{2/} provisional

Source: Statistics Mauritius, 2018

According to the ILO's definition of 'informal employment', one important aspect is the lack of proper coverage of workers in terms of social benefits such as pensions, paid sick leave and local leaves and insurance. However, when referring to the pension structure in Mauritius, it can be noticed that there is the contributory part where the employers (employees) contribute a percentage of their salary to earn a pension in the future. The main types of pension systems in Mauritius are illustrated in Figure 3.2 below.

Figure 3.2: Pension Structure in Mauritius



Source: SM, Computed

However, workers in the informal sector do not make such contributions in the National Pension Fund. As a result, formal workers are guaranteed to have both the contributory and non-contributory (Basic Retirement Pension) pensions upon reaching the age of 60. Unfortunately, as the informal workers are not recognised, they are entitled only to the Basic Retirement Pension only when they are 60 years old. However, there are other types of pensions which informal workers have access to and can be eligible for. For example, women are entitled a Basic Widow Pension (BWP) in case the death of their husbands. Alongside, if someone is proved to be unable to work due to medical incapacity, she is eligible for a non-contributory pension, which is the Basic Invalidity Pension (BIP). The population pyramid of Mauritius is also currently reflecting an ageing population and the situation will worsen for informal sector women entrepreneurs if there is no appropriate decision to provide adequate social protection for them.

However, informal workers, especially women, are not insured against injury and other unforeseen occurrences. In this case, if they suffer from any accidents, their employers are not compelled to indemnify them for such loss, but conversely, can choose to lay them off with no

compensation and recruit a new worker. Moreover, under the Industrial Injury Allowance, they will not benefit from any financial assistance and even not be granted refund for their travelling expenses.

Therefore, it can be noted that informal workers are sometimes only eligible for the BRP and where women are concerned, they can be eligible for both the BWP and the BIP. For a total number of 153, 870 individuals over 60 years in 2010, 67, 232 of them were receiving only the BRP. It shows that a large fraction of the retired population has not been contributing to the pension fund and is eligible to the BRP only. The population aged 60 years and above increased in 2012 to reach 169,847. The beneficiaries eligible for the BRP rose as well to 71, 029.

Table 3.4: Main Pension Schemes in Mauritius

	Basic Retirement Pension (BRP)	Civil service pension scheme (CSPS)		National Pension Fund (NPF)	National Savings Fund (NSF)
		Entrants before 1/1/13	Entrants after 12/31/12		
Coverage	Universal	Civil service		Private sector	Private sector
Funding	Pay-as-you-go	Pay-as-you-go	Funded	Funded	Funded
Contribution (% of wages)	Non-contributory	6% for worker	6% for worker and 12% for employer	3% for worker and 6% for employer	2.5% for worker
Benefit formula	Flat	2.0 percent per year for entrants before 8/1/2008, 1.7 percent per year for others, up to 66.6 percent of wages	Tentatively account balance at retirement, details to be finalized	Point system (11 points earned=1 pension point), roughly equivalent to 0.8 percent per year	Lump-sum withdrawal at retirement
Pensionable age	Age 60	Age 63 in 2014, increasing to age 65 by 2018			
Beneficiaries in 2013					
Thousand	183.2	72.2	-	131.3	7.7
Percent of pop. 60 and older	107.5	42.4	-	77.1	4.5
Average annual benefit in 2013					
Thousand Rs	44.9	74.2	-	15.3	48.0
Percent of GDP per capita	15.3	25.2	-	5.2	16.3
Expenditure in 2013					
Billion Rs	8.2	5.4	-	2.0	0.4
Percent of GDP	2.2	1.5	-	0.5	0.1
Contributions in 2013					
Contributors			3.6	318.7	378.8
Billion			0.0	2.7	1.3
Percent of GDP			0.0	0.7	0.4
Size of fund in 2013					
Billion				80.0	16.7
Percent of GDP				21.8	4.6

Note: In December 2014, the average BRP was increased to Rs 65,000 per year (or 22.1 percent of GDP per capita).

3.2 Insight into Business Activities in the Informal Sector

The informal sector is generally characterised by low incomes and savings of the poorly educated workers while also comprising self-employed people or those working part-time in small business. While it is difficult to give an exact and general definition, the informal sector in Mauritius is classified under the definition of the ILO. It regroups the poor employment conditions and the associated rising poverty. Moreover, the salient features of such a sector and employment are the lack of protection (also non – payment of wages), insecure jobs, unsafe working conditions and extra shifts. It also includes the non-existence of social benefits such as pensions, sick pay and health insurance. Some types of workers, mainly women, are poorly educated have no choice than to accept these informal low – quality jobs.

It is important to distinguish between employment in the informal sector that is people engaged in the informal sector and the characteristics of activities (enterprises) in the informal sector. These characteristics can be summarised in the Table 3.5 below:

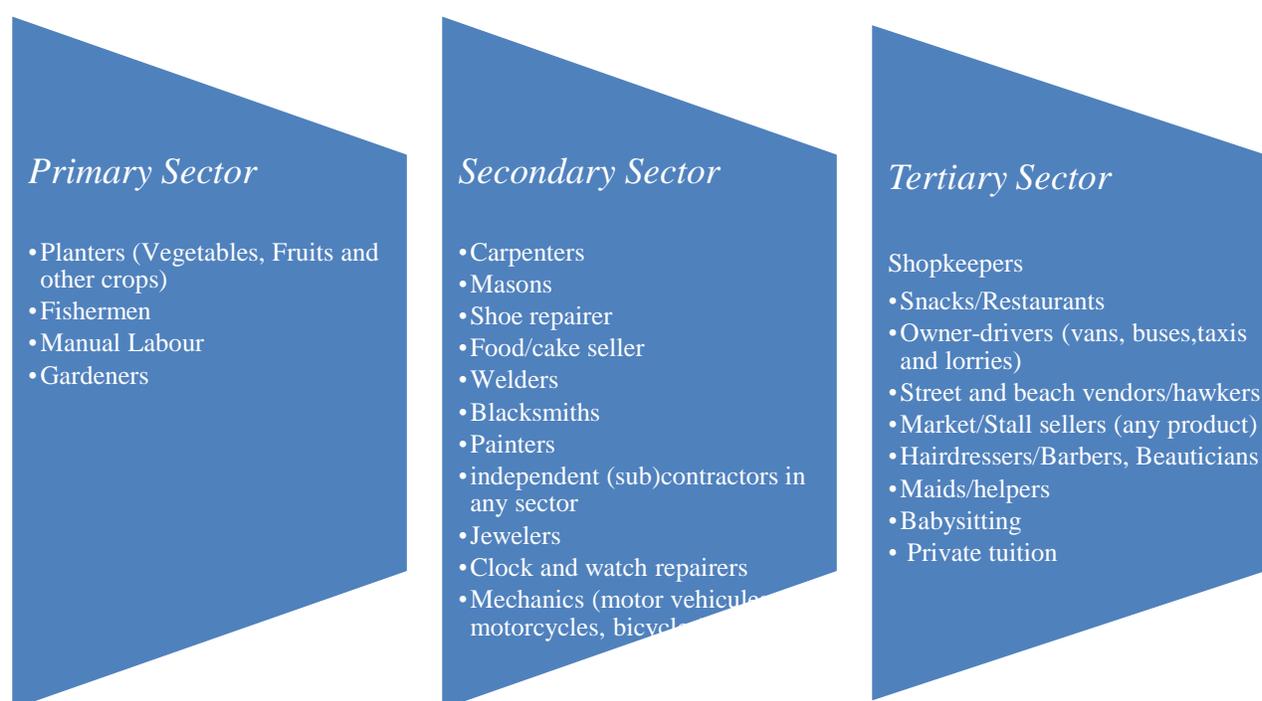
Table 3.5: Distinguishing Characteristics of the Informal Sector

Employment-Characteristics of the people engaged in the Informal Sector	Enterprise-Characteristics of the activities in the informal sector
Absence of official protection and recognition	Unregulated and competitive markets
Non-coverage by minimum wage legislation and social security system	Small scale operation with individual or family ownership
Predominance of own-account and self-employment work	Ease of entry
Absence of union organisation	Reliance on locally available resources
Low income and wages	Family ownership of enterprises
Little job security	Labour intensive and adapted technology
No fringe benefits from institutional sources	Absence of access to institutional credit or other supports and protections

Source: Fatadin (2013)

For a small island economy like Mauritius, it is very difficult to classify the business activities that will fall under the umbrella of the informal sector. Nonetheless, a categorisation of the sectors into small household business activities, small agricultural related activities and street vending can be done. Street vending dominates the scene and in many cases, street vendors deal with the selling of imported goods depicting the relationship between trade and informal sector activities in Mauritius. Given these definitions, it is important to consider the occupations, which are embraced within the informal sector in Mauritius (Figure 3.3).

Figure 3.3: List of some Informal Occupations



Source: Statistics Mauritius, Computed

According to the Housing and Population Census 2011, occupations like hawkers, shopkeepers, carpenters and many more are considered to be informal. Moreover, as women are also found to be engaged in different types of activities within these sectors, there are self-employed persons but also people who are 'employed'. They get paid for the service they give and contribute to the economy, but they are not recognized by the legal economic structure. In this particular circumstance, their working conditions are most of the time not adequate and questionable while they barely or ever get social covers such as insurance against injury, lump sum, pension

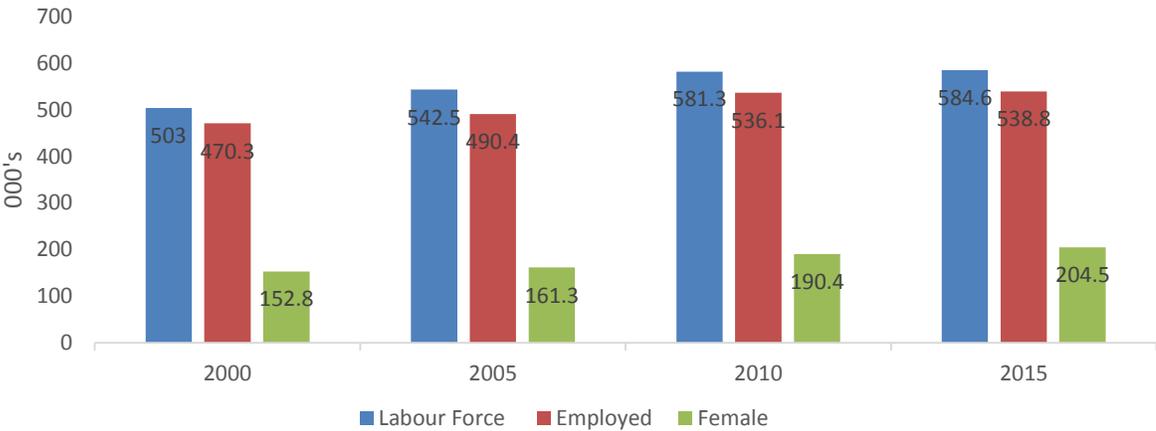
contributions inter-alia. The only pension that they are entitled to obtain is the Basic Retirement Pension that a citizen of Mauritius obtains as from the age of 60.

It should be noted that Figure 3.3 does not provide an exhaustive list but can actually contain any other activities/occupations that are being done outside the proper economic structure. It can also comprise of any gender in any sector of the economy, be it in the primary, secondary or tertiary sector.

3.3 Formal and Informal Sectors in Mauritius

Data on formal employment is much easier to obtain than those in the informal sector. According to Statistics Mauritius, the labour force, which comprises of employed and unemployed people, rose from 503,000 to 584,600 from 2000 to 2015; representing a percentage change of 16.22 per cent. As more and more individuals who are 16 years old and above entered the labour force, the employment rate changed. It increased from 470,300 in 2000 to 538,800 workers in 2015. However, in spite of this growth of 14.57 per cent, the number of female workers in the formal sector still remains low. Figure 3.4 describes the situation from the year 2000 to 2015.

Figure 3.4: Labour Force, employment and unemployment



Source: Statistics Mauritius, Computed

Women still comprise a lower percentage of the employed population in Mauritius and this can be due to many reasons. In 2000, the number of females employed was 152,800 and it increased to reach 161,300 in 2005. Despite the growth of 5.56 per cent, males comprise a larger share of the employed workforce.

However, exact figures for the informal sector activities cannot be obtained so easily. People are not ready or willing to declare themselves as working informally or they simply fear that they could be implicated into legal matters if they are found doing certain remunerating work which is not within the formal economic structure. Besides, there are also some criteria that have been established and which have to be met in order to fall under the category of ‘informal sector’ and ‘informal worker’.

According to the latest available Census of Economic Activities report (CEA, 2013), the informal sector is defined as one which “*comprises household unincorporated market enterprises that do not have a complete set of accounts*”. Under this definition, the four mandatory criteria adopted by the United Nations’ expert group on Informal Sector Statistics are satisfied. In other words, “*enterprises (production units) are unincorporated and owned by households and they sell all or part of their production but do not have a complete set of accounts*”. Household unincorporated enterprises are those that are not considered as separate legal entities independent of the households that own them.

Based on these definitions, the ILO indicates that around 57,000 people are employed in the informal sector in Mauritius in 2009. However, 9.3 per cent comprise of non-agricultural employment. When broken down into gender, it is found that 14,000 women are employed in the informal sector against 43,000 men. It can clearly be seen here that men are more active in the informal sector. While for the female, 6.7 per cent is of non-agricultural employment, the men represent 10.6 per cent.

A more recent study on the informal sector in Mauritius was performed by Statistics Mauritius on small establishments only. A survey questionnaire was handed to informal units covering production units engaged in all non-agricultural economic activities. It should be noted that the

questions were designed such that the answers could help to determine if the four mandatory criteria are met or not before being considered as informal. According to the CEA report (2013), 33,500 units were informal. That is, 27 per cent of all small production units. Approximately 56,100 people are engaged in the informal units, which represents 20 per cent of the total number of persons engaged in all small establishments covered in the CEA. While male employment is approximately 41,000, there is also, an estimated 15, 100 of female workers.

For the year 2013, the total gross output of the informal units was estimated at Rs 19,875 million while the value added was at Rs 10,972 million. The value added of the informal units as a percentage of the total value added of the small units approximate 13 per cent. Moreover, ‘Construction’ (24 per cent), ‘Transport and storage’ – (22 per cent), ‘Wholesale and retail trade, repair of motor vehicles and motorcycles’ - (20 per cent) are the sectors that contributed most to the total value added generated by the informal units, with the sums of Rs 2,624 Mn, Rs 2,404 Mn and Rs 2,237 Mn respectively.

The main activities were in ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ (33 per cent), ‘Transportation and storage’ which accounted for 24 per cent. While ‘Manufacturing’ (16 per cent), ‘Construction’ (12 per cent) and ‘Accommodation and food service activities’ (8 per cent) also shared a portion of the total production unit. The male workers were mostly in ‘Wholesale and retail trade, repair of motor vehicles and motorcycles’ (27 per cent), ‘Transportation and storage’ (25 per cent) and ‘Construction’ (24 per cent). However, nearly half of the female workers were engaged in retail trade.

An informal unit was operated by 1.7 persons on average. Thus, with 2.5 persons per unit, the number of persons engaged per unit was highest in ‘Constructions’ compared to ‘Accommodation and food service activities’ for an average of 2 persons and ‘Manufacturing’ and ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’, for an average of 1.6/unit.

More and more female are engaging themselves in business activities outside the formal legal structure. In practice, nowadays, women are more independent and somehow willing to take risk

in order to get out of poverty or uncomfortable situations. Therefore, they find it easier to open small businesses and to become self-employed or to find other jobs, which require less academic qualifications.

Nonetheless, women operating in the informal sector in Mauritius are found to be more vulnerable compared to other operators. The situation of women is even worse when their sector of activity is affected by external shocks; for instance, the financial crisis affected the activities of most small businesses. According to empirical evidence, women are more exposed to dangers and poverty when operating outside the legal framework. In the same vein, this raises the underpinning issue of social protection for women working in the informal sector. In Mauritius, economic activity is highly dependent on import prices of basic raw materials. Therefore, any fluctuations in import prices of raw materials either send formal workers in the informal sectors because investors chose to go and invest in other countries or they contribute to the impoverishment of women already working in the informal sectors as they have to reduce their profit margin by trying to keep their prices competitive.

CHAPTER 4

SAMPLING STRATEGY AND SURVEY METHODS

4.0 Introduction

This chapter sets out the strategy adopted to design the sample of 403 women entrepreneurs operating informally in different regions of Mauritius. The survey tool was devised in line with the research questions and all the relevant and appropriate techniques were applied to have a representative sample.

4.1 Research Questions

The specific objectives of this study are as follows:

- a) Investigate the demographic and socio-economic profile of women operating in the informal sector in Mauritius.
- b) Examine the characteristics of women entrepreneurs who have registered and those who have not registered their business activity. The probability of registering is influenced by the socio-demographic profile of the entrepreneur and the nature of the economic activity.
- c) Probe into the intention of women entrepreneurs to register their informal activity in the near future.
- d) Evaluate the current status of social protection schemes known to informal women entrepreneurs and identify major gaps in the informal sector in light of existing standards in the formal sector of the economy.
- e) Assess the willingness of informal women entrepreneurs to pay for social protection schemes.

4.2 Sampling Strategy

This is a cross sectional study which aims at determining the income generating pattern and the need to develop and incorporate social protection schemes for women entrepreneurs in the informal sector. More specifically, it focuses on women's involvement as entrepreneurs in informal sector enterprises, and relates to their overall characteristics, responsibilities, livelihood sustainability and challenges faced along with their social protection schemes. Respondents were selected from female owner-operators of businesses, who managed businesses on their own or in partnership with others.

4.2.1 Study Populations

The study is restricted to women entrepreneurs aged 18 and above and who operate in the informal sector across all industries except agriculture in the island of Mauritius. Statistics Mauritius estimates that the target population consists of 11,100 individuals.

4.2.2 Selection of Enumeration Areas

Information pertaining to the geographical distribution of the target population was not made available prior to conducting the fieldwork. Consequently, we used the following two stages processes to identify and interview a sample of 403 individuals from the target population.

Stage 1 - Random selection of 252 women entrepreneurs from the target population

A list of 100 enumeration areas across the 9 districts that constitute the island of Mauritius were randomly selected from the list of enumeration areas developed by Statistics Mauritius using the PPS sampling methodology (probability of selection being proportional to size). The following areas were sampled through the process presented in the following Table 4.1:

Table 4.1: Regions Covered in the Sample

Port Louis	Flacq	Plaines Wilhems	Pamplemousses	Grand Port
Vallée Pitot	Centre de Flacq	Coromandel	Triolet	Mahebourg
Ste Croix	Poste de Flacq	Quatre Bornes	Arsenal	New Grove
Roche Bois	Lallmatie	Phoenix	Terre Rouge	Trois Boutique
Cassis	Bon Accueil	Vacoas	Pamplemousses	Plaines Magnien
Vallée des Pretes	Brisée Verdière	Glen Park	Fond du Sac	St Hubert
Port Louis Proper	Quatre Soeurs	Henrietta	Baie du Tombeau	Rose Belle
Cassis	Olivia	La Marie	The Mount	Bambous Virieux
Camp Chapelon	Ecroignard	Curepipe	Trou aux Biches	Ferney
	Boulet rouge	Floreal	Pointe aux Piments	
		Beau Bassin		
		Rose Hill		
Moka	Savanne	Rivière du Rempart	Black River	
Quatier Militaire	Savanne	Goodlands	Richelieu	
Alma	Souillac	Grand Gaude	Pointe aux Sables	
Dagotièr	Rivière des Anguilles	Grand Baie	Bambous	
Camp Thorel	Surinam	Cottage	La Gaulette	
Circonstance	La Flora	Barlow	Flic en Flac	
L'Agrement	Chemin Grenier	Rivière du Rempart	Beau Songes	
Nouvelle Decouverte	Camp Diable	St Antoine	Tamarin	
Montagne Blanche	Chamouny			

Source: Authors' Compilation

Field supervisors were deployed to each selected enumeration area to identify all the sampling units (households). A systematic sample of households was drawn within each enumeration area using the k^{th} systematic sampling method with a random start. 329 sampling units (households that include at least one individual from the target population) were identified during this stage,

252 individuals accepted to participate in the study, 46 declined, while 31 were unreachable after 3 failed attempts to establish contact with the selected respondents.

Stage 2 – Sample boost of 151 individuals from the target population

376 individuals from the target population were identified at their workplace namely: Public streets, Markets, Fairs, Bus Stations and other public places at the same localities identified during the first stage of the sampling process. 212 out of the 376 individuals identified during this stage were randomly selected to participate in the study, 151 accepted, while 61 refused.

Combined Sample

The combined sample comprises of 403 women entrepreneurs aged 18 and above and who operate in the informal sector across all industries except agriculture. The sampling procedure does not guarantee that the realised sample is completely representative of the parent population. Consequently, all units within the raw sample were weighted with an appropriate sample weighting algorithm so as:

- To correct for over sampling of units during the second stage of the sampling process.
- To correct for all discrepancies between the observed proportions and expected proportions of women entrepreneurs within each industrial group.

The weighting procedure ensures that all results drawn from the weighted sample of 403 units are representative of and can be extrapolated to the population of women entrepreneurs in the informal sector aged 18 and above across all industries except agriculture. Table 4.2 below gives the characteristics of the raw and weighted sample.

Table 4.2: Characteristics of Women Entrepreneurs in the Sample

	Raw sample		Weighted sample (Population, Source: Statistics Mauritius)	
	n	Weight (%)	N	Weight (%)
<u>Industrial Groups/Sectors of Activity</u>				
Accommodation and food service activities	71	17.6	1300	11.7
Wholesale and Retail Trade	316	78.4	6400	57.7
Manufacturing	16	4.0	3400	30.6
<u>Marital Status</u>				
Married living with partner	305	75.7	8100	73.0
Divorced, Separated or Widow	81	20.1	2600	23.4
Single	17	4.2	400	3.6
<u>Age Group</u>				
Less than 43 years	114	28.3	4150	37.4
43 years and above	289	71.7	6950	62.6
<u>Education Level</u>				
None / CPE Failed	115	28.5	2200	19.8
CPE Passed	78	19.4	2200	19.8
Some secondary education	150	37.2	3700	33.3
SC completed/HSC completed or with Tertiary Education	60	14.9	3000	27.0

Source: Survey Data, 2016

4.3 Survey Methods

4.3.1 Data Collection Tool

The questionnaire was administered using ultra-light laptops through the Computer Assisted Portable interviews (CAPI) system, which allow for an important level of security and reliability during the data collection phase. At the end of each day, the surveys were automatically synchronized (via an Internet connection) with the survey database (via a server), thereby automatically updating the survey findings and generating up to date objectives to the interviewers. The average length of the questionnaire is 40 minutes. The questionnaire was translated and administered mostly in creole, and in some very rare cases the questionnaire was administered in French or in English. An experienced and skilful network of interviewers who

have been trained to deploy various survey techniques was employed for this assignment. Interviewers were selected based on the following criteria:

- Command of the Creole and French language
- Prior experience working on similar projects
- Good sense of contact
- Professional presentation/attire
- Good diction
- Availability during the entire duration of the survey from 8 a.m. to 9 p.m. including Sundays and public holidays.

4.3.2 Quality Assurance

Each group of interviewers were accompanied by two field supervisors who exerted close control on the fieldwork. The CAPI system allows for remote control and direct verification of the questionnaire during the administration phase while our project managers also closely monitored fieldwork. In addition, selected answers on 40 per cent of all completed questionnaires were cross checked in-house via the telephone. All respondents were informed about the call back verification system and were required to submit a contact number wherever possible. Moreover, the CAPI system ensures that there is no risk of data entry and coding errors.

4.4 Definition of Informal Business: The Mauritian Context

We use the ILO definition of the informal sector that is broadly characterised as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned. These units typically operate at a low level of organization, with little or no division between labour and capital as factors of production and on a small scale (ILO, 2013). Labour relations wherever they exist are essentially casual employment, kinship or personal and social relations rather than contractual arrangements with formal guarantees (ILO, 2013).

The selection criteria for female informal business in this study are as follows:

- (i) Female owned enterprises/small businesses
- (ii) Non-agricultural small establishments in goods and services
- (iii) Registered/ unregistered businesses with the Registrar of Associations
- (iv) Separation of household and business assets
- (v) Separation of business transactions from household transactions

CHAPTER 5

SURVEY ANALYSIS AND PROFILE OF RESPONDENTS

5.0 Introduction

This chapter focuses on the socio-demographic profile of women entrepreneurs in the informal sector in Mauritius. Using survey data on 403 women entrepreneurs operating informally in different regions of the island, the report first analyses their age, marital status, education level and household situation (in terms of income, household ownership, family size and number of children). Second, their income profile is examined in terms of their present income, income of their husband/ partner, their past activity before moving into informal businesses and their current household income and expenditure.

5.1 Profile of Respondents - Demographic Characteristics

The profile of informal women entrepreneurs in the survey is analysed. The respondents were asked to indicate their age, marital status, educational background, family size, number of children and whether they were the head of their respective household in order to get an insight about their demographic characteristics and see if the personal background information is related with their engagement in the informal sector. These variables like marital status (Anderson 1998, Schneider *et al*, 2001), the number of dependents of the entrepreneur (Gerxhani 2002, Smith 1987, Schneider *et al*, 2001), the area of residence (Portes and Sassen-Koob, 1987 and Sassen-Koob, 1989), and level of education (Gallaway and Bernasek, 2002) are likely to affect informal sector participation. The socio-demographic characteristics are thus tabled below.

Table 5.1: Demographic Profile of Respondents

Demographic Characteristics	Number	Percentage (%)
<u>Age</u>		
23-27 years	9	2
28-32 years	16	4
33-37 years	30	7
38-42 years	59	15
43-47 years	85	21
48-52 years	89	22
53-57 years	47	12
58-62 years	33	8
62-65 years	15	4
More than 65 years	20	5
<u>Marital Status</u>		
Single	17	4
Married	303	75
Divorced	19	5
Separated or Living with a Partner	10	2
Widow	54	13
<u>Education Level</u>		
None/CPE failed	115	29
Completed Primary Education	78	19
Some secondary education	150	37
SC (completed)	54	13
HSC (completed)	6	1
<u>Family Size</u>		
1	30	7
2	67	17
3	69	17
4	137	34
More than 4	100	24
Mean		3.68
<u>Number of Children</u>		
1	70	22
2	155	49
3	67	21
More than 3	27	9

Mean		2.20
<u>Head of the household</u>		
Yes	112	28
No	291	72
<u>House ownership</u>		
Owner	366	91
Tenant	26	6
Co-habitation	7	2
Free Occupant	3	1

Source: Survey Data, 2016

From the table above, women entrepreneurs in informal activities are mainly in the age group of 43 to 47 years old (21 per cent) and 48 to 52 years old (22 per cent of the sample). This is in contrast with other African economies where women (workers and entrepreneurs) in the informal sector tend to be younger in the age range of 18 to 45 years. These are women in their reproductive years, with children under their care, a role which they cannot escape given the existing socio-cultural factors (Omari, 1989 for Tanzania). In Mauritius, they tend to be in the age group of 33 to 62 years. In effect, for the third quarter of 2016, it is observed that female unemployment rate stood at 10.4 per cent for those women aged between 30 to 39, 5.6 per cent for those between 40 and 49 and 2.5 per cent for those above 50 years (Statistics Mauritius, 2016). While these women do not form part of the formal labour market, they may be in informal activities. Further, female activity rate in the third quarter of 2016 was 67.9 for those women in the age bracket of 30 to 39 years, and was much lower to 62 per cent for those between 40 and 49 and 23.8 per cent for those above 50 (Statistics Mauritius, 2016).

Among those women entrepreneurs interviewed, the majority are married (75 per cent) while around 13 per cent are widowed, 5 per cent are divorced, 4 per cent are single and 2 per cent are separated or live with a partner. This is in line with other studies on Africa, namely Tanzania (Omari, 1989) where 63 per cent of women in the informal sector were married. In many other places in Africa, both married women and female heads of household were market traders (Robertson, 1997, 1998; House-Midamba and Ekechi, 1995; Horn, 1994, 1998; and many others). Marital status is often linked to greater family responsibilities of child bearing and household economic activities. In addition, most women interviewed have households with 4

family members (34 per cent). This is the typical Mauritian household with parents and 2 children. In addition, 17 per cent of respondents are presently living in household size of 2 members and the same percentage has a family size of 3 members. The mean family size in this survey stands at 3.68 and the mean number of children is 2.20. Indeed, 49 per cent of women have 2 children, followed by 22 per cent having 1 child and 21 per cent having 3 children. In fact, informal sector activities for women entrepreneurs can be related to family size as when the number of family members rises including number of children, there is a growing involvement of women in informal activities. This is supported by other studies for Ethiopia for instance, where the informal sector remains an alternative for large families (CSA, 2011).

From the survey, the highest percentage of women within informal activities have some secondary education (37 per cent) followed by 29 per cent with no level of education, 19 per cent have completed primary education while 13 per cent have completed their School Certificate (O level examination). Their low level of education is directly linked to their informality as their low level of schooling may represent a hindrance to penetrate the formal labour market or formal businesses. This is in line with other studies on the African continent, where there is a direct association between illiteracy and informal activities. For instance, in Ethiopia, women with low or no level of education are more likely to have informal businesses (Woldie, 2015). The majority of Ethiopian women's in informal trading was found to be illiterate or with low educational status. However, when the women's levels of education move to a higher level, the degree to which informal trading became the first employment option was much less. This substantiates the non-linear relationship between education and informal sector participation reported by Nzinga and Tsegay (2012).

In terms of house ownership, it is observed that 91 per cent of female entrepreneurs own their house. This is also in line with the Mauritian reality where locals are primarily owners of their house. In fact, home ownership rate in Mauritius increased to 89.1 per cent in 2016, from 88.9 per cent in 2011 and 86.5 per cent in 2000. Home ownership rate in Mauritius averages 83.8 per cent from 1990 until 2011, reaching an all-time high of 89.1 per cent in 2016. It is expected to be around 90.6 by 2020 (Trading Economics, 2016). Further, it is found that only 28 per cent of women are heads of household. This is well in line with the patriarchal attitudes and deep rooted

stereotypes concerning the roles and responsibilities of women and men in family and society in Mauritius. Most households' heads are male. However, women represent more than 20 per cent of household heads in many developing countries whereby women are the sole income earner for over 20 per cent of the world's families (Bertulfo, 2011).

5.2 Income Profile of the Informal Women Entrepreneurs

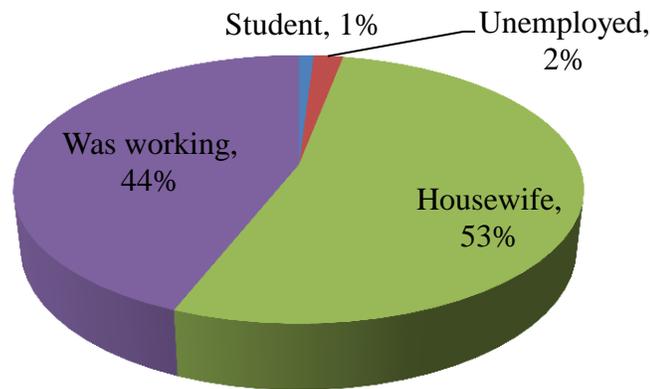
Prior to their informal business, these women entrepreneurs were asked about their activity before engaging in the informal economy. From Figure 5.1 below, 53 per cent were housewives, 44 per cent had a job in the formal sector, 2 per cent were unemployed and 2 per cent were students. In fact, women's participation in the informal sector is closely related to the power structure and power relation in the society. Numerous studies have shown that "independence" and "self-reliance" are the reasons which, among others, force many women to involve in the informal sector (Omari 1995; Omari and Koda 1989).

The spontaneous social changes along with structural transformation of the small island economy have compelled women to use their creative potentials more positively, often going beyond their traditionally assigned place and role in society. Housewives and mothers who were previously at home could now bring in income from their informal economic activities, which complement their husband's/ partner's income. Moreover, these housewives may not be in the formal sector due to lack of education and skills. Hence, the informal sector gives them a chance to exercise their managerial capacity regardless of whether the activities they are engaged in are legal or not. Hence, the participation of women in the informal sector could potentially be an index of the social changes taking place at the household and community levels. It reflects the dynamism of the family unit and how women adapt to changes by finding a way of adjusting to the family income and cycles.

Moreover, 44 per cent of respondents were previously working in the formal sector and have now moved to the informal economy as entrepreneurs. Steady (1981) and Fortman (1982) argue that many women cannot compete with men in the formal sector, for education and skills are the key to opportunities. In the sample, the majority of women entrepreneurs have only basic

secondary education. Hence, with their lack of education and required skills, they may only settle in low paid occupations with low income levels. They may thus prefer to move into informal businesses in the hope of higher income. Shields (1980), for Tanzania, concludes that women are better represented in the non-formal sector of the labour market than in the formal sector, partly because most jobs in this sector do not require certification. Women may also decide to enter the informal sector to enable them to play their respective roles as mothers, housewives and producers at the same time. This is also another way of finding adequate “jobs” in the society (Omari, 1995).

Figure 5.1: Prior Activity before Informal Business



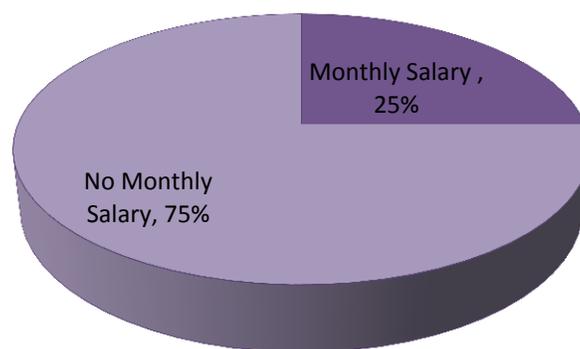
Source: Survey Data, 2016

Further, the flexibility that the informal sector offers in location, hours of work, and mobility makes it easier for women to spend more time in their activity. This is confirmed in this study where 31 per cent of women spend between 21 to 30 hours per week in their business, followed by 27 per cent spending between 31 to 40 hours per week and an additional 27 per cent devoting more than 40 hours per week to their activity.

Despite the low earnings and the precarious nature of work for the majority of the world’s women, women’s earnings are critical to keep their families out of poverty. A woman’s income is a critical addition to her husband or her larger family’s income. In addition, the respondents were asked as to whether they paid themselves a monthly salary. Only 25 per cent of women

entrepreneurs take a monthly salary out of their business while 75 per cent of women interviewed cannot pay themselves a salary. This is shown in Figure 5.2 below:

Figure 5.2: Monthly Salary for the Informal Women Entrepreneurs

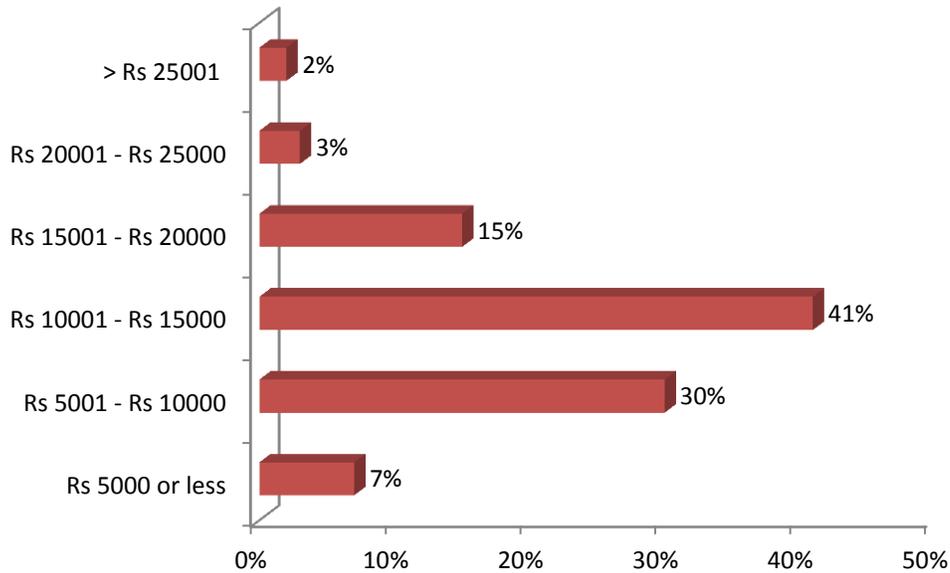


Source: Survey Data, 2016

The salary which these women entrepreneurs take each month varies from less than Rs 5,001 to Rs 15,000. Most of them (73 per cent) take a monthly salary of less or equal to Rs 5,000, 17 per cent opt for a salary range between Rs 5,001 and Rs 10,000 whilst 9 per cent chose an income in the range of Rs 10,001 and Rs 15,000. For most of these women, their informal businesses help them to get a very meagre income inadequate for a decent living. Similar results have been observed for Tanzania where income gained from informal sector activities is critical in maintaining living standards, and in the alleviation of poverty (O’Riordan *et al.*, 1997).

In the survey, for 80 per cent of women interviewed, their husband is presently working whilst for 20 per cent of them; their husband does not have a job. The household’s economic vulnerability due to unemployment of husband is thus shared by the informal women entrepreneurs who struggle more for family survival. The income of their husband is also shown in Figure 5.3 below.

Figure 5.3: Income of Husband

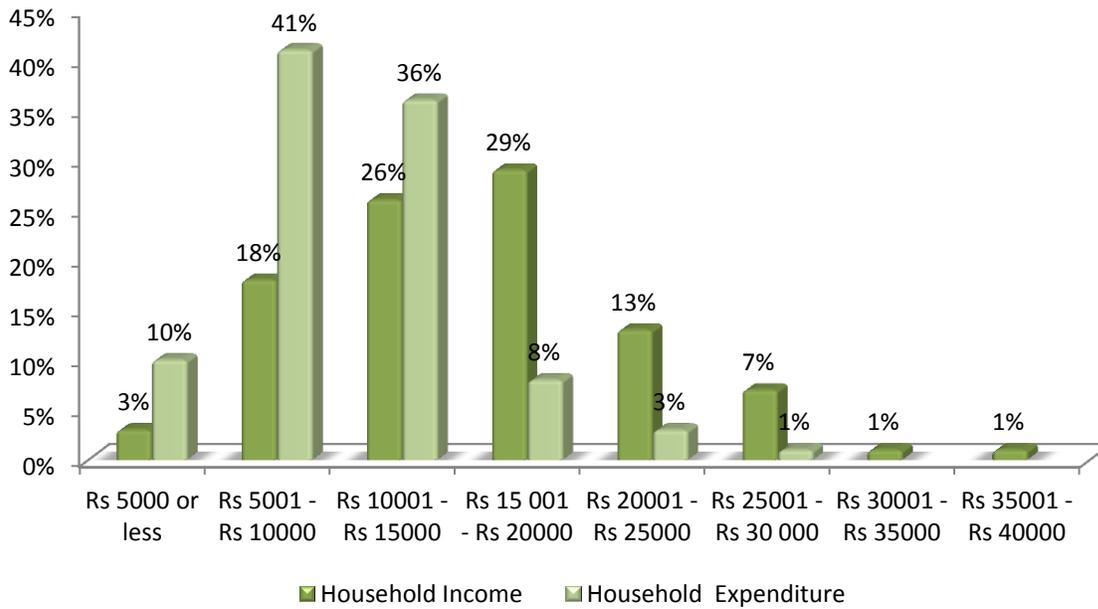


Source: Survey Data, 2016

For most women surveyed (41 per cent), their husband earns between Rs 10,001 to Rs 15,000 while for 30 per cent, their husband's income is in the range of Rs 5,001 and Rs 10,000. For 7 per cent of the respondents, their husband's income is Rs 5,000 or less, which is below the threshold level of income needed to have a decent living standard³. Hence, informal businesses may represent only a survival means for these women entrepreneurs. In terms of household income and expenditure, it is shown in Figure 5.4 below that 29 per cent of respondents have a household income ranging between Rs 15,001 and Rs 20,000 followed by 26 per cent with a household income between Rs 10,001 and Rs 15,000. Most respondents (41 per cent) spend between Rs 5,001 and Rs 10,000 whilst for 36 per cent of these women, household expenditure is between Rs 10,001 and Rs 15,000.

³ Rs 6,500 for the minimum threshold level of income or else the household is considered to be in absolute poverty.

Figure 5.4: Household Income and Expenditure



Source: Survey Data, 2016

Given that their revenue is unstable throughout the years and there are periods of low income level, the respondents were asked how they manage to settle their household expenditure. Around 67 per cent use their personal savings, 14 per cent purchase their commodities on credit while 7 per cent borrow from family and friends. Faced with unstable earnings, the women entrepreneurs have no options than getting into informal activities as their business helps keep their family out of poverty.

CHAPTER 6

WOMEN IN THE INFORMAL ENTREPRENEURIAL LANDSCAPE

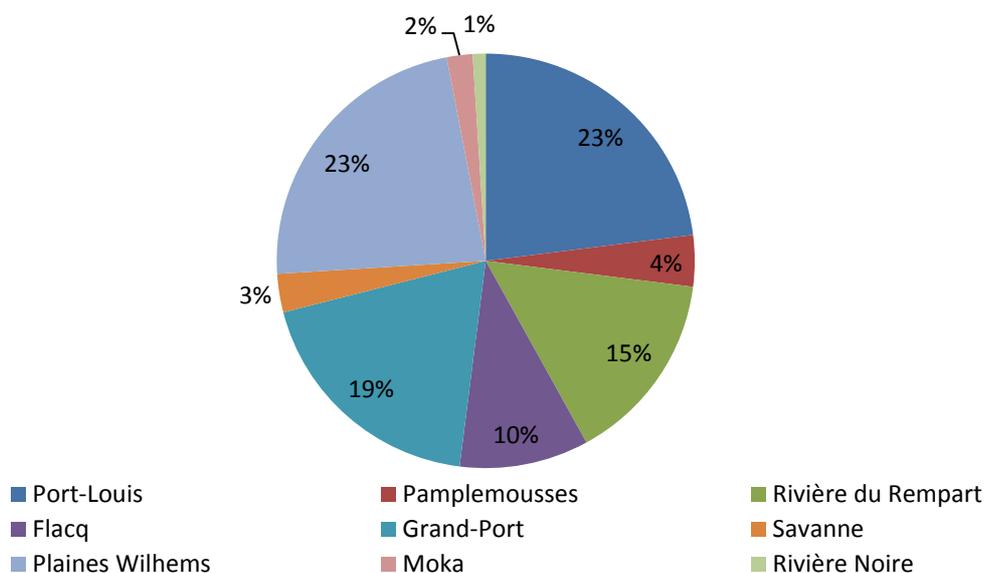
6.0 Introduction

This chapter probes into the activities of women entrepreneurs in the informal sector in Mauritius. In particular, the nature of their business, in terms of size, revenue generated, turnover and profits levels as well as income stability are studied. The chapter further looks into the informal or formal support schemes which these women benefit. Likewise, we investigate into the reasons behind the registration or non-registration of their small businesses, the challenges they face and their intention to formalise their activities in the near future. Logistic regression techniques are used to support the survey analysis.

6.1 Women-Owned Informal Businesses: Sector of Activity

The survey was undertaken in different parts of Mauritius to have a representative sample of women in informal activities across the island. In Figure 6.1 below, the majority of female entrepreneurs operate in Port-Louis (23 per cent) and Plaines Wilhems (23 per cent). Around 19 per cent have their informal activities in Grand Port and 15 per cent in Riviere du Rempart. In all, 52 per cent of respondents operate in the rural areas while the rest (48 per cent) operate informally in urban regions.

Figure 6.1: Informal Activities across Regions

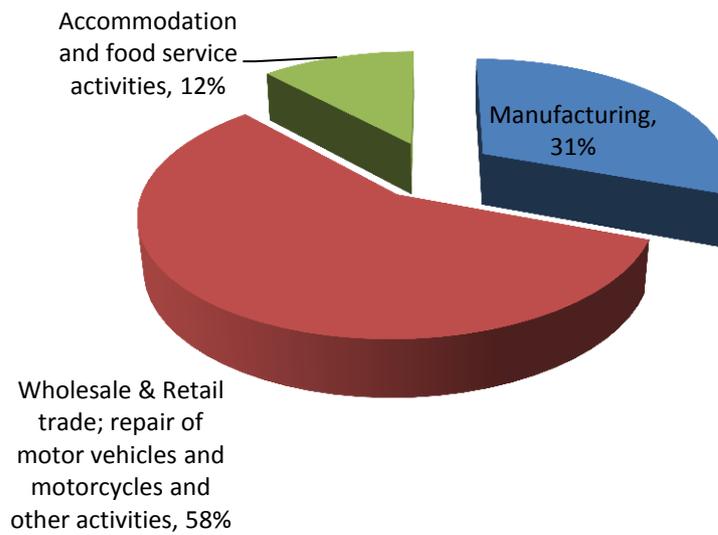


Source: Survey Data, 2016

The increase in informal sector enterprises in many countries, is associated with coping strategies of households and individuals who are hard-hit by the aftermaths of structural adjustment policies (Bangura, 1994). Income from informal sector enterprises helps in sustaining poor households and acts as a survival means for many in poverty (O’Riordan, Swai and Rugumyamheto, 1997). In essence, it is a vital source of income for the vulnerable groups, in particular, women and the poor (Stewart and Bagachwa, 1992). Studies have shown that as a result of structural transformation; the informal sector is becoming the critical means of economic survival, particularly for marginalised groups (Maliyamkono and Bagachwa 1990; Tungaraza, 1991; Koda and Omari, 1991). In Mauritius, informal business activities also represent an essential source of income for many and in particular, for women. The women entrepreneurs were interviewed on a number of issues relating to their income generating activities.

For 94 per cent of these women, having an informal business is in fact an income generating activity which helps them to meet basic household’s needs and have a decent living. Figure 6.2 below further depicts the sector in which women entrepreneurs operate. It can be observed that the highest percentage of women entrepreneurs are in wholesale and retail trade, while 31 per cent are in manufacturing and the rest (around 12 per cent) are in accommodation and food service activities. Women in wholesale and retail trade essentially sell clothes, underwear, children wear, Indian outfits (saris), shoes, cosmetics while those in food service focus essentially on local snacks, vegetables, fruits, pickles, peanuts, fresh juice, amongst others. Similar results have been postulated for other African countries where women small informal enterprises are more prevalent in trading (Equality for Growth, 2009 for Tanzania). It is also in line with existing empirical evidence which indicates that informality in most developing countries is concentrated in the distribution sector, with a relatively low prevalence in certain sectors, such as the manufacturing sector (Castells and Portes, 1989; International Labour Organisation, 2002).

Figure 6.2: Informal Sector Activities

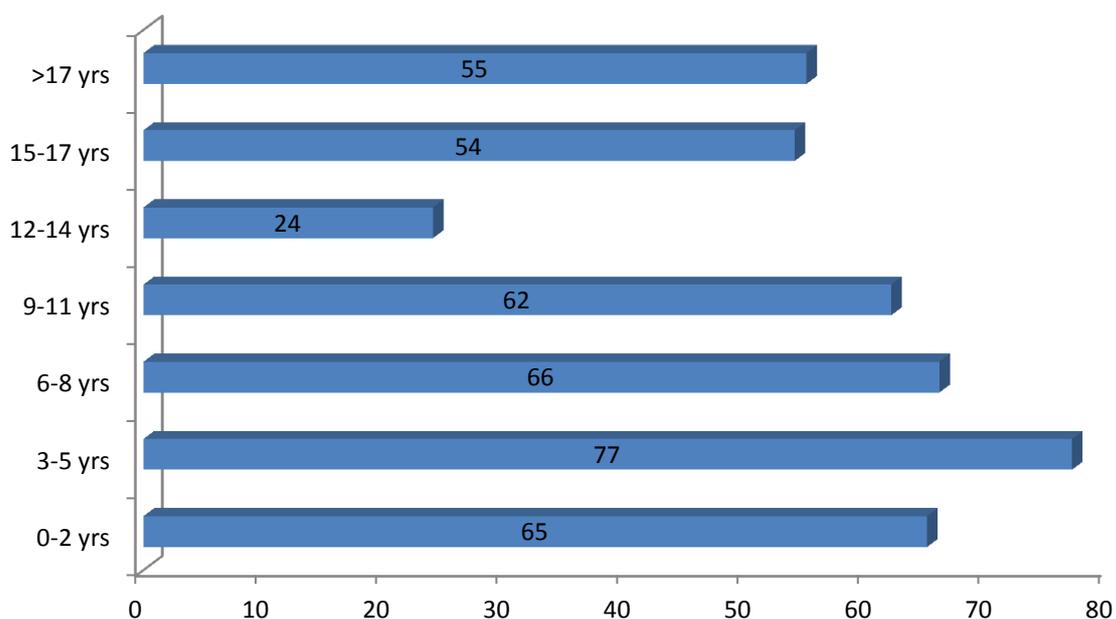


Source: Survey Data, 2016

6.2 Nature of Informal Business

Women's enterprises in the informal sector are often characterised by their small scale nature and sole ownership of the enterprise. They are involved in a limited number of activities usually using low level technology and can be categorised as low risk / low profit ventures (Carr, 1993). Initially, we analyse the number of years these women have been in business and in Figure 6.3 below, the majority of women (77 of them that is 19 per cent) have been in informal activities for 3 to 5 years whilst 16.4 per cent have been in business for 6 to 8 years while 16.1 per cent have their informal enterprises for 2 years or less. It can be further postulated from the sample, that almost 26 per cent of women entrepreneurs have been operating informally for more than 15 years.

Figure 6.3: Firm Age/ Years in Business



Source: Survey Data, 2016

Moreover, we examine the funds used by these women to start their own enterprise. From Table 6.1 below, 82 per cent of women have used their own funds to start their informal business, whilst 24 per cent obtained funds from family members and 12 per cent were able to take a loan from financial institutions. Start-up funds are usually very low depending on the type of informal activity they engage in. Women who have shifted from formal employment to informal sector activity are more likely to have initial funds to start up their business. Similarly, in Latin America and the Caribbean, women entrepreneurs rely on their own savings, loans from family and friends, or micro loans to finance their business needs (World Bank, 2010). However, the small size and short-term nature of micro-loans do not allow women borrowers to make long-term investments in their businesses (Narain and Sushma, 2009).

Table 6.1: Source of Initial Funding

Source of Initial Funding (For Start-Up)	Number	Weighted %
Own funds (self-financed)	333	82
Funds from family	87	24
Loans from financial institutions	55	12
Funds from friends	14	2
Others	11	2
Total (N)	403	100

Source: Survey Data, 2016

We further tabulate the source of initial funding of women entrepreneurs in the sample by analysing their previous working or non-working conditions prior to starting their informal activity. From Table 6.2, those women who use their own funds for starting up their business were previously housewives (53.3 per cent). They also tend to borrow funds from family and friends and apply for loans from financial institutions. The same behaviour is noted across working women.

Table 6.2: Source of Initial Funding by Previous Working/Non-Working Status of Women in the Sample

Start-up Capital	Previous Status of Women										
	Unemployed		Housewife		Working		Retired		Student		Total
	N	%	N	%	N	%	N	%	N	%	N
Own funds	8	2.7	160	53.3	130	43.3	1	0.3	1	0.3	300
Funds from family	1	2.0	33	64.7	17	33.3	0	0.0	0	0.0	51
Funds from friends	0	0.0	3	50.0	3	50.0	0	0.0	0	0.0	6
Loans from financial institutions	0	0.0	29	72.5	10	25.0	0	0.0	1	2.5	40
Expenses on credit	0	0.0	1	16.7	5	83.3	0	0.0	0	0.0	6
Total	9	2.2	226	56.1	165	40.9	1	0.2	2	0.5	403

Source: Survey Data, 2016

6.3 Revenue Earned from Informal Business

Informal entrepreneurs generally have low and uncertain income and marginal working conditions, are not reached by social security or labour protection legislation, and lack collective bargaining and representation rights (ILO, 2013). Informality is associated with less access to finance, no business development services and markets; major problems with establishing a fixed place of business; and increased vulnerability to fines (van Elk and de Kok, 2014). Women in informal enterprises are also more likely than men to work in lower-paid sectors (Chen, 2010). Further, the income penalty and reduction in returns to education associated with informality is higher for women than for men (Sethuraman, 1998).

The revenue side of women-owned informal businesses was analysed through a set of questions ranging from the stability of their revenue to the level of turnover. In the sample, 60 per cent of women reported that their monthly revenue varies significantly while the rest have more or less stable monthly revenue. The variability in revenue by months of highest

levels of income earned can be seen in Table 6.3 below. For 88 per cent of women entrepreneurs, December represents the highest income generating period essentially because of the festive seasons and income bonus earned by consumers. Around 69 per cent of respondents also find that November is a good month for their business. This is followed by 31 per cent who consider that October brings them a suitable amount of income while 29 per cent deems that January is also an important month.

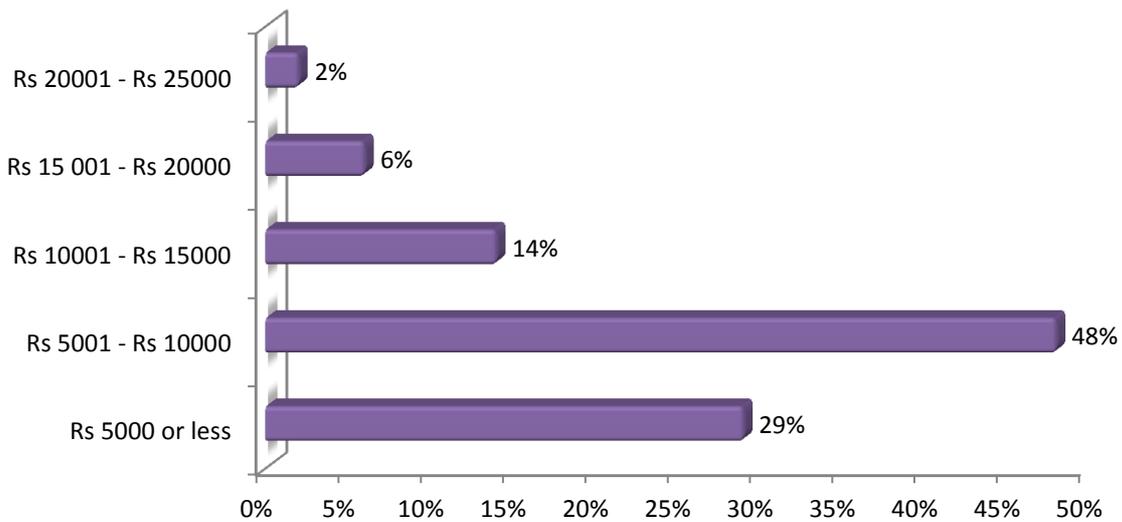
Table 6.3: Months with Highest Revenue Earned

Months	N	%
January	70	35
February	28	16
March	22	22
April	22	9
May	26	11
June	25	12
July	35	16
August	59	26
September	54	25
October	75	38
November	154	74
December	214	90

Source: Survey Data, 2016

With respect to their level of turnover and profits Figure 6.4 shows that for most women (48 per cent), the monthly average turnover is in the range of Rs 5,001 to Rs 10,000 followed by 29 per cent having as monthly turnover around Rs 5,000 or less. Studies suggest that women perform less well on quantitative measures such as sales turnover and profitability (Cliff, 1998; Fasci and Valdez, 1998). A recent study on 256 male and female small business entrepreneurs in the formal sector in Mauritius shows that women entrepreneurs underperform relative to their male counterparts (Tandrayen-Ragoobur and Kasseeah, 2017). The performance differential across male- and female-owned small businesses is explained by access to finance, which acts as a major hindrance for women-owned small businesses.

Figure 6.4: Monthly Average Business Turnover



Source: Survey Data, 2016

This is in line with our survey where besides low turnover; profits level also seems to be on the very low side. In Table 6.4, 79 per cent of women entrepreneurs earn Rs 5,000 or less as monthly profits. The main reason put forward to explain this situation is that women do not enter business for financial gain but for pursuing intrinsic goals. These intrinsic goals comprise the need for independence and a fulfilling life outside the domestic sphere (Hailemariam and Kroon, 2014). Hence, females mostly strive to achieve self-fulfilment and accomplishment through self-employment. In Ethiopia, for instance, women measure the success of their businesses not only through the profitability of the business but also the extent to which the business enables them to support their family. The self-esteem and satisfaction that they gain from the business is also included as an important parameter for success (ILO, 2013).

Table 6.4: Monthly Average Profits

Monthly Average Profits	N	%
Rs 5,000 or less	322	79
Rs 5,001 - Rs 10,000	67	18
Rs 10,001 - Rs 15,000	10	2
Rs 15,001 - Rs 20,000	3	1

Source: Survey Data, 2016

Next, more information was gathered on the size of the women informal enterprises by considering the number of workers employed or family members helping out with the

informal activity. Around 63 per cent of women entrepreneurs do not seek the help of their family members while 36 per cent depend on 1 or 2 relatives to run their informal activity. For those employing family members, 86 per cent do not pay the latter which imply that they are essentially unpaid family workers. Unpaid workers in a family business are less likely to receive an autonomous income, they have less control over household resources and ultimately less agency. This can translate into greater economic insecurity, vulnerability and lower access to pensions and other safety nets (World Bank, 2015).

In addition, only 3 per cent of informal businesses employ workers other than family members. Table 6.5 below depicts the number of female and male workers employed in the informal enterprises. Around 42 per cent of women entrepreneurs employ 1 worker, while 30 per cent employ two workers. In particular, female workers seem to be more predominant among workers employed in these informal activities. Around 41 per cent and 34 per cent of firms employ 1 and 2 female workers, respectively. With respect to their income, 41 per cent of respondents pay their workers on a daily basis; 30 per cent on a weekly basis and 29 per cent on a monthly basis. In fact, women all over the world appear to be concentrated in the informal sector in low-paid and low-productivity jobs. They work in small informal firms and are overrepresented among unpaid family workers. They therefore rarely rise to positions of power in the labour market. The main factors that explain this situation are namely gender segregation in access to economic opportunities among wage workers; gender differences in time use (primarily resulting from differences in care responsibilities), gender differences in access to productive inputs (particularly land and credit), and gender differences stemming from market and institutional failures (World Bank, 2015).

Table 6.5: Number of Non-Family Workers Employed

Workers Employed	%	Male	%	Female	%
1	42	1	21	1	41
2	30	2	3	2	34
3	4	3	8	3	4
4	3	4	8	4	13
5	13				
8	8				

Source: Survey Data, 2016

6.4 Support Schemes for Business, Information Technology and Training

Further, the registration of women entrepreneurs with the Small and Medium Enterprises Development Authority (SMEDA/MyBiz) is next analysed. SMEDA is an important support institution for SMEs in Mauritius. It is a parastatal body established under the Small and Medium Enterprises Development Authority Act 2009. It operates under the aegis of the Ministry of Business, Enterprise and Cooperatives and is committed to support and facilitate the development of entrepreneurship and SMEs in Mauritius.

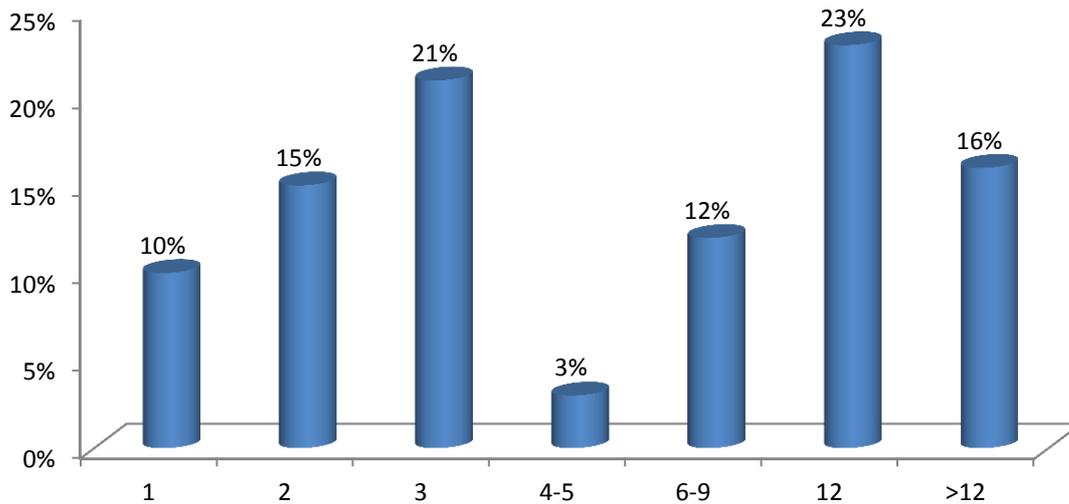
More recently, in 2015, 'MyBiz', a dedicated office operating under the aegis of SMEDA was established to provide one-stop-shop services, grouping under one roof, support services and facilities to help small and medium entrepreneurs start and grow their business. MyBiz is seen as an innovative solution to the administrative hassle of new and incumbent entrepreneurs. It also houses the Maubank, which provides a wide range of financial products. The various bodies help SMEs via business counselling, mentoring and coaching, but also take up other entrepreneurial issues, at the strategic and operational level (SMEDA, 2016).

In particular, support for training, credit and marketing is necessary to transform the informal sector and help it realise its full potential (Meagher, 1995; Kabra, 1995). Without the institutional support and wider policies including a friendly business environment, small female informal businesses may fail. In the survey, only 8 per cent of the informal firms are registered with MyBiz. Out of these 8 per cent, 84 per cent argue that there are benefits to register with MyBiz. The main advantage resides in access to market fairs which are organised in different parts of the island.

However, it can be inferred from the survey that there is a significant lack of information on the existence of support schemes for small businesses. The majority of respondents (71 per cent) are not aware of the support schemes available and 87 per cent have never benefitted from any of these programmes. For the 13 per cent who got support, it was essentially in terms of training, loans from the Development Bank of Mauritius and market fairs organised by MyBiz. Around 22 per cent attended training and for only 61 per cent of them, the training was related to their business activity. The duration of the training is shown in Figure 6.5 below. The mean length of training period is around 9 months. Further, 23 per cent

benefitted training over 1 year while 21 per cent were trained for a period of 6 months. Similarly, only 62 per cent stated that the training was useful to them. When asked as to whether, they need further training, only 33 per cent believe that additional training may help their business activity.

Figure 6.5: Training Period (months)



Source: Survey Data, 2016

In addition to training, the women entrepreneurs were also interviewed on their computer literacy which represents a major tool to expand and grow their informal activity. Studies have shown that ICTs currently offer the informal sector an opportunity to tap into international markets, and the informal sector participants must incorporate change and new ways of doing things if they are to benefit from such an opportunity (Hafkin and Taggart, 2001). For the sector to expand and reduce income inequalities, ICT will help to reach international markets (Migiro, 2006). For this to happen, ICT awareness along with the skills acquisition for ICT use and the necessary infrastructure (Migiro, 2006; Hafkin and Taggart, 2001) are vital.

In the survey, 52 per cent of respondents have a laptop, personal computer or a tablet computer. Moreover, 63 per cent do not know how to use a computer. In terms of internet connection, 49 per cent are not connected to the internet while 76 per cent do not have an email address and 99 per cent do not have a website. Similar results have been obtained for Kenya (Opiyo and K'Akumu, 2006 and Orwa, 2007), where the informal sector businesses

largely operate with hardly any ICTs like fax machines, e-mail or the Internet. Similar evidence has been found in Uganda (Ikoja-Odongo and Ocholla, 2004). Besides, 52 per cent of the Mauritian women entrepreneurs believe that knowing how to use a computer is important for the development of their business. In fact, many of these micro female informal enterprises operate under very difficult conditions and function more as survival outfits than profit-making businesses. Thus, they may not be able to invest in ICT facilities.

Likewise, informal sector operators' ability to respond to new opportunities depends on a number of factors, including their access to resources such as skills and technology. They usually have low education and skill levels and employ basic technological tools and are thus most likely to fall into the 'non-adaptive' category (O'Riordan, Swai and Rugumyamheto, 1997). Therefore, they are unable to respond to market forces and opportunities and thus remain at the lower scale of informal sector activity, where competition is at its strongest and returns at their lowest (Dawson, 1993)

6.5 Motivation and Challenges of Informal Business

The reasons motivating women to be part of the informal economy are many. In the sample, for the majority of women, their informal activity represents a source of income, a secondary income that is an addition either to their husband's income or a survival means when they are either widowed or separated. Their informal business also brings additional income for the education of their children or a way to meet both ends and ensure that they get enough money to buy foodstuffs at the end of the month. For many women, they have not been able to get a job in the formal labour market and have no option than to operate their small business activity in the informal economy. Some have either lost their job due to closures of textile and sugar factories and have thereafter moved to the informal sector. Many women are also in the informal sector because their activity is a family business which dates for long. They have either taken over from their husband or parents or in laws. For 89 per cent of women entrepreneurs, their present informal business is the only activity they could engage in, given their income situation. Further, 71 per cent of them believe that being in the informal sector is much better than having a formal employment.

From Table 6.6 below, the different benefits gained from operating in the informal sector are shown by age groups and education levels. It can be inferred that for the majority of women

(55 per cent), irrespective of their age and education level, their informal activity brings in greater flexibility that is more time to spend with their family and children. In fact, informal business helps them to manage their work-life balance. Women decide to enter the informal sector so as to play their respective roles as mothers, housewives and producers. This is another way of finding adequate “jobs” in the society (Omari, 1995).

Likewise, 19 per cent state that they earn more profits or revenue when operating in the informal sector while around 14 per cent claim that there is no pressure from their superior and can spend more time with clients in their informal activity. Other advantages put forward by the respondents are no need for requesting leaves from work (5.3 per cent) and there are no extra costs such as taxes, fees or transport costs (5.8 per cent). The latter are also satisfied with their job.

Table 6.6: Advantages of Operating in the Informal Sector

		More Flexibility (free time/ go home early /look after family)		No pressure from boss/ More interaction with clients		More profits/revenue; Daily cash in hand		No advantages		No permission required for leaves		No extra costs (fees/ tax/ rent/ transport); Job security/satisfaction	
		N	%	N	%	N	%	N	%	N	%	N	%
Age Group	23-27	5	55.6	2	22.2	0	0.0	0	0.0	0	0.0	2	22.2
	28-32	11	68.8	3	18.8	1	6.3	0	0.0	1	6.3	0	0.0
	33-37	18	60.0	2	6.7	7	23.3	0	0.0	2	6.7	1	3.3
	38-42	32	54.2	11	18.6	11	18.6	0	0.0	3	5.1	2	3.4
	43-47	47	55.3	10	11.8	18	21.2	2	2.4	6	7.1	2	2.4
	48-52	50	57.5	15	17.2	13	14.9	1	1.1	2	2.3	6	6.9
	53-57	28	59.6	4	8.5	6	12.8	0	0.0	4	8.5	5	10.6
	58-62	16	48.5	4	12.1	10	30.3	0	0.0	0	0.0	3	9.1
	62-65	7	50.0	2	14.3	3	21.4	0	0.0	2	14.3	0	0.0
	> 65	6	31.6	2	10.5	8	42.1	0	0.0	1	5.3	2	10.5
	Total	220	55.1	55	13.8	77	19.3	3	0.8	21	5.3	23	5.8
Level of Education	None/CPE failed	66	58.9	11	9.8	28	25.0	0	0.0	6	5.4	1	0.9
	CPE (passed)	32	41.0	15	19.2	15	19.2	0	0.0	6	7.7	10	12.8
	Some secondary education	92	61.7	13	8.7	25	16.8	2	1.3	8	5.4	9	6.0
	SC	30	55.6	13	24.1	7	13.0	1	1.9	1	1.9	2	3.7
	HSC	0	0.0	3	50.0	2	33.3	0	0.0	0	0.0	1	16.7
		Total	220	55.1	55	13.8	77	19.3	3	0.8	21	5.3	23

Source: Survey Data, 2016

Problems women face in entering and sustaining informal sector businesses and in strengthening their socio-economic positions are socio-cultural and economic in nature. In general, these problems include restricted legal rights, access to education/training, limited access to resources and to planning of services, and relate to women's low social status (Jiggins, 1989; Lopez and March, 1991; ODA, 1992; Rajamma, 1993). Women are over-represented in groups with no education and among those whose skills are self-taught (Buberwa and Mdamo, 1991).

One of the most recurrent problems that entrepreneurs face in Mauritius is the physical spread of the regulatory bodies which makes procedures very lengthy and tedious. Physical disconnectedness breeds difficulties to coordinate the various activities, thereby challenging the fundamental function of the entities (SMEDA, 2016). For informal female entrepreneurs surveyed, competition and the reduction in the number of customers pose a major threat to their activity. Irrespective of their age and education level, competitive pressures stand as a major hurdle for 49.6 per cent of respondents, followed by weather conditions which for around 12 per cent of them represent another struggle for the smooth running of their business. Similarly, around 9 per cent argue that unstable income is a problem while 6 per cent view that their working conditions are very demanding as they need to work hard, long and odd hours to be able to earn a decent income (see Table 6.7 below).

Table 6.7: Problems Encountered when Operating in the Informal Sector

		Problems with municipality/ police/ district council		Less clients/ More Competitors		Weather affects the smooth running of business		No fixed income/ pension		No days off		No disadvantages		Difficult to manage when sick		No security (no permit/ work alone/ thefts)		Work is too tiring / Need to work hard		High costs / No loan facilities	
		N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%
Age Group	23-27	0	0.0	5	55.6	1	11.1	0	0.0	1	11.1	0	0.0	0	0.0	0	0.0	2	22.2	0	0.0
	28-32	0	0.0	8	50.0	2	12.5	2	12.5	0	0.0	1	6.3	0	0.0	0	0.0	2	12.5	1	6.3
	33-37	1	3.4	10	34.5	2	6.9	6	20.7	3	10.3	1	3.4	1	3.4	2	6.9	3	10.3	0	0.0
	38-42	0	0.0	27	46.6	10	17.2	7	12.1	3	5.2	1	1.7	2	3.4	3	5.2	2	3.4	3	5.2
	43-47	5	6.2	45	55.6	12	14.8	3	3.7	4	4.9	1	1.2	3	3.7	3	3.7	1	1.2	4	4.9
	48-52	5	5.7	43	49.4	5	5.7	12	13.8	3	3.4	4	4.6	2	2.3	3	3.4	5	5.7	5	5.7
	53-57	2	4.7	26	60.5	5	11.6	3	7.0	1	2.3	1	2.3	2	4.7	0	0.0	3	7.0	0	0.0
	58-62	3	9.4	14	43.8	4	12.5	1	3.1	4	12.5	0	0.0	1	3.1	1	3.1	3	9.4	1	3.1
	62-65	0	0.0	4	36.4	2	18.2	1	9.1	2	18.2	0	0.0	0	0.0	0	0.0	2	18.2	0	0.0
	> 65	5	26.3	9	47.4	2	10.5	0	0.0	1	5.3	1	5.3	0	0.0	0	0.0	0	0.0	1	5.3
	Total	21	5.5	191	49.6	45	11.7	35	9.1	22	5.7	10	2.6	11	2.9	12	3.1	23	6.0	15	3.9
Level of Education	None/ CPE failed	8	7.3	56	51.4	11	10.1	7	6.4	6	5.5	4	3.7	4	3.7	1	0.9	7	6.4	5	4.6
	CPE (passed)	7	9.5	30	40.5	11	14.9	6	8.1	2	2.7	3	4.1	1	1.4	7	9.5	3	4.1	4	5.4
	Some secondary edu.	4	2.8	79	55.2	15	10.5	13	9.1	11	7.7	1	0.7	4	2.8	2	1.4	10	7.0	4	2.8
	SC (completed)	2	3.8	22	41.5	8	15.1	9	17.0	2	3.8	1	1.9	2	3.8	2	3.8	3	5.7	2	3.8
	HSC (completed)	0	0.0	4	66.7	0	0.0	0	0.0	1	16.7	1	16.7	0	0.0	0	0.0	0	0.0	0	0.0
		Total	21	5.5	191	49.6	45	11.7	35	9.1	22	5.7	10	2.6	11	2.9	12	3.1	23	6.0	15

Source: Survey Data, 2016

6.7 Registration of Business

In Mauritius, the incorporation of companies and registration of business activities fall under the provisions of the Companies Act 2001 and the Business Registration Act 2002. All business activities set up in the small island economy must be registered with the Registrar of Companies. Any individual, who will like to start a business as a self-employed, will need to register the business activity only.

6.7.1 Non-Registration and Intention to Register

In the survey, only 72 per cent of businesses are registered with the Registrar of Companies. When asked when they will be doing so or whether there is any intention to register, it is noted that 61 per cent do not intend to register their business. Around 12 per cent state that they will register their enterprise in the next six months while 27 per cent plan to register at a later stage.

In essence, non-registration may be associated with low levels of education and also awareness on the different steps to be followed to register the informal activity. From Table 6.8 below, the non-registration of business tends to be more pronounced among those with low level of education (namely incomplete primary education, or completed primary education or incomplete lower secondary schooling). Hence, informal entrepreneurship is conducted mainly by women with lower educational levels and those not formally working so they are significantly more likely to be necessity-driven (Williams, 2015). Similar results have been found for Mexico where informal business owners have lower levels of education than formal business owners and wage workers, with a much larger fraction having completed only primary school as opposed to higher education (World Bank, 2012).

Table 6.8: Non-Registration by Education Level

Level of Education	Registration of Business					
	Yes		No		Total	
	N	%	N	%	N	%
None/CPE failed	76	24.7	39	41.1	115	28.5
CPE (passed)	56	18.2	22	23.2	78	19.4
Some secondary education	129	41.9	21	22.1	150	37.2
SC (completed)	43	14.0	11	11.6	54	13.4
HSC (completed)	4	1.3	2	2.1	6	1.5
Total	308	100	95	100	403	100

Source: Survey Data, 2016

By education levels, it is observed that the intention not to register and to continue operating informally is more pronounced across those with no education or incomplete primary education. As we move to higher educational levels, there is a greater likelihood for women to register their activities. This may result from greater understanding of the registration process and the information available to register their activities. This is shown in Table 6.9 below.

Table 6.9: Intention to Register by Education Level

Level of Education	Intention to register							
	Yes (Not now)		No		Yes (in < 6 mths)		Total	
	N	%	N	%	N	%	N	%
None/CPE failed	9	29.0	26	47.3	4	44.4	39	41.1
CPE (passed)	10	32.3	12	21.8	0	0.0	22	23.2
Some secondary education	7	22.6	11	20.0	3	33.3	21	22.1
SC (completed)	5	16.1	5	9.1	1	11.1	11	11.6
HSC (completed)	0	0.0	1	1.8	1	11.1	2	2.1
Total	31	100	55	100	9	100	95	100

Source: Survey Data, 2016

6.7.2 Reasons for Non-Registration

Next, the challenges faced by women behind the non-registration of their businesses are examined (see Table 6.10). The majority of them (63 per cent) are not willing to register their activity and be part of the formal economy. Around 32 per cent argue that it is too costly to

register their business while 26 per cent believe it is too time consuming and the same percentage consider that the tax rate is too high and are not willing to pay such high taxes. Similarly, 25 per cent of respondents deem that there is a lack of information on the procedures for registration. Around 15 per cent of women do not understand the present registration formalities since they have no basic level of education and they do not know how to read and write.

Table 6.10: Reasons for Non-Registration of Businesses

Reasons for Non-Registration of Businesses	Number	Weighted %
Too time consuming	16	26
Lack of information on the procedures for registration	43	25
No understanding of the present registration formalities (lack of education – don't know how to read and write)	28	15
Not willing to formally register the activity	46	63
Not willing to pay taxes – Tax rate is too high	16	26
Costly to register the activity	19	32
Others (please specify)	43	41
Total	95	100

Source: Survey Data, 2016

In the survey, 78 per cent of women entrepreneurs have a permit to operate, while for the 22 per cent, they believe that this is not necessary as either their business is too small and it is not a regular activity or they have tried to apply and have been unsuccessful. In fact, size among other firm characteristics remains a major factor explaining informal women-owned businesses (ILO, 2013). Larger firm size is strongly associated with formality while subsistence microenterprises in particular are less likely to be formal (van Elk and de Kok, 2014). For many of them, they do not have time to apply for a permit as they either believe it is a long application process or they are not even interested to apply.

Education may be very much associated with non-registration of businesses. Indeed, women with low levels of education do not understand the present registration procedures and find that there is a lack of information on the relevant procedures to be adopted. They also believe that it is costly to register their business. In fact, low education level is associated with a lack of awareness and understanding of the current registration system and procedures in place.

Table 6.11: Reasons for Non-Registration of Businesses by Education Levels

		CPE (Failed)	CPE Passed	Some Secondary Education	SC Completed	HSC Completed
		%	%	%	%	%
Reason for not registering - Too time consuming	2	0.0	0.0	100.0	0.0	0.0
	3	50.0	0.0	25.0	25.0	0.0
	4	14.3	14.3	28.6	28.6	14.3
	5	0.0	0.0	50.0	0.0	50.0
	Total	27.8	5.6	33.3	22.2	11.1
Reason for not registering - Lack of information on the procedures for registration	2	100.0	0.0	0.0	0.0	0.0
	3	42.9	0.0	57.1	0.0	0.0
	4	44.4	25.9	25.9	3.7	0.0
	5	70.0	0.0	30.0	0.0	0.0
	Total	51.1	15.6	31.1	2.2	0.0
Reason for not registering - No understanding of the present registration formalities	3	100.0	0.0	0.0	0.0	0.0
	4	62.5	25.0	12.5	0.0	0.0
	5	87.5	12.5	0.0	0.0	0.0
	Total	75.0	17.9	7.1	0.0	0.0
Reason for not registering - Not willing to formally register the activity	2	33.3	33.3	0.0	33.3	0.0
	3	14.3	42.9	42.9	0.0	0.0
	4	35.0	10.0	25.0	25.0	5.0
	5	38.9	44.4	11.1	0.0	5.6
	Total	33.3	29.2	20.8	12.5	4.2
Reason for not registering - Tax rate is too high	3	0.0	0.0	50.0	50.0	0.0
	4	11.1	11.1	33.3	44.4	0.0
	5	16.7	33.3	16.7	16.7	16.7
	Total	11.8	17.6	29.4	35.3	5.9
Reason for not registering - Costly to register the activity	1	100.0	0.0	0.0	0.0	0.0
	3	0.0	0.0	100.0	0.0	0.0
	4	12.5	25.0	37.5	25.0	0.0
	5	33.3	22.2	22.2	11.1	11.1
	Total	25.0	20.0	35.0	15.0	5.0

Source: Survey Data, 2016

6.7.3 Non-Separation of Business Assets and Accounts

Another dimension of informality is the non-separation of business assets and accounts from those of the household. Many microenterprises do not separate household and business resources (Drexler *et al.*, 2013). From the sample, women were asked as to whether they kept their business assets separate from those of household. First, we inquire on their transport means that is their use of fuel where it is observed that 31 per cent do not separate fuel expenses between business and household activities. In terms of location, kitchen, plot of land used, 10 per cent use the same asset for their business and household. For machinery and equipment used in the production of goods and services, 14 per cent do not have these separated from their household needs. Further, 16 per cent do not allocate distinctly their raw materials between household and business needs. This is shown by Table 6.12 below.

Table 6.12: Separate Assets and Record of Accounts

	N	%
<u>Are the business's assets separate from those of your household?</u>		
<u>Transport - Fuel</u>		
Separated	116	29
Common	125	31
<u>Location, kitchen, plot of land</u>		
Separated	324	79
Common	23	10
<u>Equipment- machinery for production of good and services</u>		
Separated	96	28
Common	28	14
<u>Raw materials (e.g. flour, oil, etc.)</u>		
Separated	62	16
Common	22	5
<u>Do you keep any record of accounts (Receipts and Expenditure) for your business?</u>		
Yes	122	36
No	281	64
Total	403	100
<u>Are the business's transactions kept separate from those of your household?</u>		
Separated	54	18
Not separated	349	82
Total	403	100

Source: Survey Data, 2016

Further, around 64 per cent of women entrepreneurs do not keep any record of accounts and for those who keep receipt and expenditure accounts, 82 per cent do not split their business and household transactions. In fact, women face difficulties in keeping their business money separate from the household budget. It is not usual for records to be kept. There may also be a disinterest in keeping records because these women may fear that same may show low returns. Similar results have been obtained for other African economies. Furthermore, they may take earnings from the business for their family members rather than buying a new machine for production (Scott, 2013). This will in turn prevents the business to grow but may help in improving the livelihood of the family.

6.8 Econometric Methodology and Estimation Technique

Based on the research questions set out in Chapter 4, the decision of the women entrepreneurs whether to register or not to register their business is first examined. Their future intention to register or not is then analysed. The methodology adopted to estimate the present registration/non-registration status of women entrepreneurs and their intention to register soon are based on both their socio-demographic characteristics as well as firm characteristics. We take into account individual characteristics of the entrepreneurs, their socio-economic factors, firm and industry characteristics.

The variables such as their age, marital status, level of education, their family size, whether they are the primary income earner or not, their household income, house ownership as well as firm characteristics such as firm age, business turnover, sector of activity and location of business are included as follows:

$$\begin{aligned}
 Register_i = & \beta_0 + \beta_1 Age_i + \beta_2 Age_i^2 + \beta_3 FamilySize_i + \beta_4 MaritalStatus_i + \beta_5 Education_i \\
 & + \beta_6 HouseholdIncome_i + \beta_7 HouseOwnership_i + \beta_8 PrimaryIncomeEarner_i \\
 & + \beta_9 BusinessTurnover_i + \beta_{10} FirmAge_i + \beta_{11} Sector\ of\ Activity_i + \beta_{12} RegionDummies_i + \varepsilon_i \quad (1)
 \end{aligned}$$

$$\begin{aligned}
 IntentionToRegister_i = & \alpha_0 + \alpha_1 Age_i + \alpha_2 Age_i^2 + \alpha_3 FamilySize_i + \alpha_4 MaritalStatus_i + \alpha_5 Education_i \\
 & + \alpha_6 HouseholdIncome_i + \alpha_7 HouseOwnership_i + \alpha_8 PrimaryIncomeEarner_i
 \end{aligned}$$

$$+ \alpha_9 BusinessTurnover_i + \alpha_{10} FirmAge_i + \alpha_{11} Sector\ of\ Activity_i + \alpha_{12} RegionDummies_i + \varepsilon_i \quad (2)$$

where i represents the individual in the sample. The dependent variable in equation (1) is *Register* that is whether the woman entrepreneur has registered her business or not in which case the dummy variable takes the value of 1 and 0, otherwise. In equation (2), the dependent variable is *IntentionToRegister* which focuses only on those women entrepreneurs whose businesses are presently unregistered and whether they have the intention to register their activity in the near future (that is the dummy variable is 1 if they will register and 0, otherwise).

The independent variables are similar in equations (1) and (2). *Age* denotes the age of the respondent in terms of number of years and Age^2 is the square of the variable age denoting a non-linear relationship between the dependent variable and age of the respondent. *FamilySize* controls for the number of members within the family. *MaritalStatus* denotes whether the person is married, divorced, widowed, separated, single or lived with a partner. Single is the benchmark category. The variable *Education* controls for the level of education of the respondent namely no education/incomplete primary education, completed primary education (CPE Passed), incomplete secondary, completed lower secondary education (SC) and completed upper secondary level (HSC) and tertiary education and/or professional qualifications. Having no education or incomplete primary education is considered as the benchmark dummy. In addition, *HouseOwnership* captures whether the respondent owns or rents a house or lives with friends/family members. Being an owner, the dummy takes a value of 1 and 0 otherwise. *PrimaryIncomeEarner* denotes whether the woman entrepreneur is the main income earner in the household and is incurring all the expenses. The dummy takes the value of 1 if this is the case and 0 otherwise. Income of the household is also captured by *HouseholdIncome* whereby respondents were asked about the level of monthly income of their household. Different household income categories are included with the lowest household income threshold being the benchmark dummy.

With regards to firm characteristics, *FirmAge* measures the number of years the business has been operating. Further, *BusinessTurnover* analyses the performance of the informal activity in terms of monthly turnover. Different dummies are incorporated to capture the various levels of

turnover, with the lowest level of sales being the benchmark dummy. The sector of activity (*SectorActivity*) specifies the sector in which the women entrepreneur is operating. The main sectors of activity are accommodation and food service, wholesale and retail trade, repair of motor vehicles and motorcycles and manufacturing. Lastly, *RegionDummies* account for the location of the business in different regions of Mauritius.

6.8.1 Estimation Technique

The linear probability models (equations 1 and 2) are initially estimated using the Ordinary Least Square (OLS) method. The simplest estimation is that it is a linear function of the covariates and the model estimated by OLS. However, the problem with this model is that there is no guarantee that the predicted values will be in the correct range unless complex restrictions are imposed on the coefficients. Thus, the probability is transformed to remove the range restrictions, and model the transformation as a linear function of the covariates. The logistic regression is thus applied to overcome the limitations of OLS regression in handling dichotomous outcomes. Equations (1) and (2) above are then estimated by using the logit estimation technique.

This technique is used to predict the probability of occurrence of an event by fitting data to a logistic curve. Like many forms of regression analysis, it makes use of several predictor variables that may be either numerical or categorical. The logistic function, which, like probabilities, always takes on values between zero and one:

$$f(z) = \frac{e^z}{e^z + 1} = \frac{1}{1 + e^{-z}}$$

The input is z and the output is $f(z)$. The logistic function is useful because it can take as an input any value from negative infinity to positive infinity, whereas the output is confined to values between 0 and 1. The variable z represents the exposure to some set of independent variables, while $f(z)$ represents the probability of a particular outcome, given that set of explanatory variables. The variable z is a measure of the total contribution of all the independent variables used in the model. Logistic regression uses Maximum Likelihood technique to get the estimates

of the coefficients. The coefficients in the output of the logistic regression are given in units of log odds (that is logarithm of the odds). The coefficients indicate the amount of change expected in the log odds when there is a one unit change in the predictor variable with all of the other variables in the model held constant. A positive regression coefficient means that the explanatory variable increases the probability of the outcome, while a negative regression coefficient is interpreted otherwise.

Equations (1) and (2) are estimated using the OLS and the logistic techniques. Tables 6.13 and 6.14 show the estimation results for equations (1) and (2).

6.8.2 Registration vs. Non-Registration of Business

The first specification models the registration and non-registration of women entrepreneurs surveyed. Their present decision to register or not to register their business is influenced by their socio-demographic features, characteristics of their firm and the sector in which they are operating. From the results below (see Table 6.13), the decision to register the business activity is positively related to the age of the female entrepreneur. Similar result has been found for Ghana (Hampel-Milagrosa, 2011). However, as age increases that is beyond a given age threshold, the probability of registering declines. This may be explained by the fact that older women entrepreneurs do not find the need to register their businesses due to the small size of their activity over a long time frame and difficulty in understanding the registration procedures. These are the main arguments gathered during the survey.

Further, those women who are the primary income earners prefer to register their business relative to non-primary income earners. Registration is important for them as their business represents their main source of income to support their family. In terms of marital status, the results reveal that the widowed are less likely to register their activities. In most cases, these women have set up their small business as they had no option than to earn a source of income for their family. They are previous housewives with low levels of education and are not aware of registration procedures. Their activity is mainly necessity driven. This picture holds for other African countries like Ghana and Ethiopia, among others where higher proportions of necessity

entrepreneurs arise as a result of unemployment and underemployment (Herrington and Kelley, 2012).

Likewise, women entrepreneurs with some secondary education are more likely to register their businesses relative to those women with no education or incomplete primary schooling. A similar picture is depicted for Ghana, where among Ghanaian female entrepreneurs, the decision to formalise a business is positively influenced by the level of education (Hampel-Milagrosa, 2011). The lack of education is an important hurdle for formalisation of the business activity. Women in the household income categories of Rs15,000 to Rs 25,000 and those above Rs 25,000 are more likely to register their business relative to those women in lower income thresholds.

With respect to firm characteristics, a positive association is obtained for firm age and the likelihood of registering the business. Women who have been in business for long have effectively registered their activity. In addition, women-owned firms operate on a smaller scale which limits opportunities for higher profit and turnover which are further compounded by a limited ability to expand the business. The lower turnover of these firms is also due to their concentration in low-productivity sectors. The activities thus yield only modest incomes. The main problems faced by these women are lack of demand, high competition and limited marketing opportunities. There is no support available for these activities. Similar result has been noted for the United Arab Emirates (Haan, 2004). In the survey, women with a monthly business turnover ranging from Rs 5,000 to Rs 10,000 are more likely to register than those in the lowest turnover range of less than Rs 5,000.

In terms of regions where the women entrepreneurs operate, most regions dummies are statistically significant. The benchmark dummy is Riviere Noire since the number of women coming from this region is the least. The results show that women in other regions namely Port-Louis, Plaine-Wilhems, Riviere du Rempart, Pamplemousses, Flacq, Grand Port and Moka are less likely to register compared to the benchmark dummy. The number of small businesses in these regions is higher compared to Riviere Noire.

Table 6.13: OLS and Logistic Regressions - Register or Not to Register

Dependent Variable: Register or Not to Register			
Independent Variables	OLS	LOGIT	LOGIT
<u>Individual Characteristics</u>			
Age	0.036 (1.96)*	0.032 (2.02)**	0.030 (1.84)*
Age-Square	-0.004 (2.12)*	-0.0004 (2.19)**	-0.0004 (2.05)**
House Ownership	0.179 (1.81)*	0.183 (1.50)	0.176 (1.47)
Primary Income Earner	0.10 (1.66)*	0.107 (1.89)*	0.099 (1.65)*
Married	-0.122 (1.09)	-0.083 (0.89)	-0.066 (0.63)
Widowed	-0.326 (2.38)**	-0.385 (1.71)*	-0.335 (1.39)
Divorced/Separated	-0.048 (0.33)	-0.082 (0.42)	-0.059 (0.31)
Completed Primary Education	0.065 (0.75)	0.047 (0.83)	0.062 (1.14)
Incomplete Secondary Education	0.195 (2.24)**	0.180 (3.04)***	0.174 (2.93)***
Lower Secondary Education Completed (SC)	0.118 (1.14)	0.083 (1.36)	0.077 (1.23)
Upper Secondary Education Completed (HSC)	0.219 (0.86)	0.131 (2.51)**	0.133 (2.95)***
ln Family Size	-0.034 (0.51)	-0.035 (0.67)	-0.050 (0.92)
Household Income 10,000-15,000	0.025 (0.29)	0.023 (0.36)	0.028 (0.44)
Household Income 15,001-20,000	0.164 (1.76)*	0.140 (2.06)**	0.146 (2.20)**
Household Income 20,001-25,000	0.101 (0.85)	0.078 (0.99)	0.083 (1.09)
Household Income 25,001-30,000	0.218 (1.82)*	0.157 (4.40)***	0.157 (4.56)***
Household Income >30,000	0.231 (1.65)*	0.136 (2.74)***	0.137 (2.77)**

<u>Firm Characteristics</u>			
In Firm Age	0.09	0.094	0.097
	(2.87)***	(3.15)***	(3.20)***
Business Turnover 5,000-10,000	0.135	0.109	0.099
	(1.82)*	(1.73)*	(1.65)*
Business Turnover 10,001-15,000	0.069	0.059	0.043
	(0.72)	(0.80)	(0.53)
Business Turnover 15,001-20,000	0.041	-0.010	-0.002
	(0.35)	(0.08)	(0.01)
Business Turnover >20,000	-0.191	-0.322	-0.287
	(1.17)	(1.37)	(1.21)
<u>Region Dummies</u>			
Plaine - Wilhems	-0.214	-0.982	-0.979
	(1.65)*	(189.44)***	(159.63)***
Riviere Du Rempart	-0.417	-0.987	-0.985
	(3.31)***	(249.32)***	(214.26)***
Port-Louis	-0.226	-0.993	-0.991
	(1.82)*	(405.00)***	(316.95)***
Pamplemousses	-0.082	-0.918	-0.913
	(0.51)	(56.94)***	(53.99)***
Flacq	-0.257	-0.971	-0.966
	(1.80)*	(132.53)***	(115.53)***
Grand Port	-0.25	-0.983	-0.881
	(1.90)*	(210.91)***	(169.33)***
Moka	-0.038	-0.884	-0.881
	(0.29)	(39.86)***	(40.75)***
Savanne	-0.11	-0.906	-0.903
	(0.73)	(49.41)***	(46.46)***
<u>Sector Dummies</u>			
Accommodation and Food Services Activities	–	–	0.108
	–	–	(0.98)
Whole Sale, Retail Trade, Repairs of Vehicles	–	–	0.251
	–	–	(1.37)
Constant	-0.239	–	–
	(0.49)	–	–
R2	0.29	0.29	0.30
N	252	252	252

Source: Authors' Computation
T-ratios are in brackets

*- 10% significance level, **- 5% significance level and ***- 1% significance level

6.8.3 Intention to Register the Business

Next, equation (2) above is estimated by emphasising only on the sample of women entrepreneurs who have not registered their business at the time of the study. Based on that sample, we assess whether they have now the intention to register their business. The results are tabled below and it is observed that the intention to register is more likely to happen for those with higher levels of education, higher household income and higher business turnover. Though the other variables give the expected sign, they are statistically insignificant. This may be explained by the small size of the sample.

Table 6.14: OLS and Logistic Regressions: Intention to Register

	OLS	LOGIT
Dependent Variable: Intention to Register in Near Future		
Independent Variables		
<u>Individual Characteristics</u>		
Age	-0.023 (0.59)	-0.055 (0.646)
Age-Square	0.0005 (0.14)	0.0002 (0.16)
House Ownership	0.012 (0.06)	-0.096 (0.31)
Primary Income Earner	-0.095 (0.63)	-0.102 (0.38)
Married	0.081 (0.41)	0.311 (0.91)
Widowed	0.129 (0.60)	0.177 (0.50)
Divorced/Separated	0.268 (0.92)	0.453 (1.70)*
Completed Primary Education	-0.055 (0.34)	-0.015 (0.06)
Incomplete Secondary Education	-0.011 (0.06)	0.022 (0.07)
Lower Secondary Education Completed (SC)	-0.226 (0.87)	-0.326 (1.36)
Upper Secondary Education Completed (HSC)	-0.852	–

	(1.71)*	–
In Family Size	-0.043	-0.143
	(0.32)	(0.50)
Household Income 10,000-15,000	-0.091	-0.225
	(0.68)	(0.77)
Household Income 15,001-20,000	-0.137	-0.288
	(0.79)	-1.09
Household Income 20,001-25,000	-0.202	-0.248
	(0.81)	(0.58)
Household Income 25,0001-30,000	-0.608	–
	(1.41)	–
Household Income >30,000	0.551	–
	(1.84)*	–
<u>Firm Characteristics</u>		
In Firm Age	-0.076	-0.142
	(0.94)	(1.13)
Business Turnover 5,000-10,000	0.315	0.494
	(1.70)*	(2.59)***
Business Turnover 10,001-15,000	0.399	0.557
	(1.90)*	(4.04)***
Business Turnover 15,001-20,000	0.612	0.513
	(2.18)**	(2.80)***
Business Turnover >20,000	0.495	–
	(1.40)	–
Region Dummies	Yes	Yes
Sector Dummies	Yes	Yes
Constant	1.566	–
	(1.51)	–
R2	0.54	0.48
N	64	64

Source: Authors' Computation

T-ratios are in brackets

*- 10% significance level, **- 5% significance level and ***- 1% significance level

CHAPTER 7

STATUS OF SOCIAL PROTECTION PROGRAMMES AND WILLINGNESS TO PAY

7.0 Introduction

Social protection is defined as “a set of public measures that a society provides for its members to protect them against economic and social distress caused by the absence or a substantial reduction of income from work as a result of various contingencies (sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner), the provision of health care and the provision of benefits for families with children,” (Yemstov, 2013).

Ulrichs (2016) groups social protection in three categories. These include firstly social assistance, which include non-contributory, means-tested or categorically targeted programmes for vulnerable groups. These comprise cash-or-in kind transfers, subsidies and social (non-contributory) pensions financed through tax or other revenues (e.g., aid budgets). The second category includes social insurance that includes contributory programmes that protect beneficiaries from catastrophic expenses. The third category includes labour market interventions that include protective measures for the working poor (or unemployed to gain employment) for example employment services, job training, direct employment generation eg public works, employment guarantee scheme and so on).

Substantial allocations of government budgets are devoted to social protection policies and programmes to address high levels of poverty, vulnerability and deprivation. However, the ILO (2014) estimates that approximately 73 per cent of the worldwide population remain uncovered by adequate social insurance schemes. Furthermore, contributory social insurance schemes only cover a fraction of the world population in formal employment. As indicated by ILO (2014), “there has been a global trend in the extension of social protection, with countries expanding social assistance to the poor as well as extending social insurance schemes to workers in the informal economy.

The literature has paid little attention to the role of social protection in tackling gendered experiences of poverty and vulnerability. This is important as men and women experience poverty and their capacities to deal with risks are different.

Women are more vulnerable given that they suffer more from time poverty, gender-based violence, discriminatory labour markets and unequal intra-household decision-making power that exacerbate gender inequalities. At all levels of incomes, women do the majority of the housework and care and correspondingly spend less time on market work (World Development Report, 2012).

Gender mainstreaming has achieved a general awareness of gender as a cross-cutting category and specific programmes geared to needs of women (like maternity protection) are broadly included in policy considerations. Efforts are under way to make gender distributions in social protection programmes visible by collecting gender-specific data. Yet, severe blind spots remain regarding the issue of gender in social protection. In the countries of the region, gender marks the divide between formal and informal employment and self-employment; thus work on formal employment programmes disproportionately favours men. On the other hand, the majority in the informal economy (and subsistence farming) are women, severely exposed to livelihood risks that classical social protection programmes like contributory pensions and unemployment insurance do not reach.

7.1 Social Protection in the Informal Sector in Mauritius

Similar to other developing countries, there has been an important gender dimension to the growth of informal employment in Mauritius. The termination of the multi-fibre arrangement led to massive unemployment among women. Self-employment was encouraged among women through the setting up of small businesses. These businesses mostly operate with the characteristics of informal businesses. Even if these businesses often have a business registration number and the necessary permits, their other characteristics closely mirror informal businesses. These include not keeping the household and the business separate by not keeping separate accounts and separate assets. Furthermore, many of these businesses do not pay taxes.

Based on the 2013 Census of Economic Activities (CEA) results, 27 per cent (33,500 units) of all small production units were informal. They were mainly engaged in ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ (33 per cent), ‘Transportation and storage’ (24 per cent), ‘Manufacturing’ (16 per cent), ‘Construction’ (12 per cent) and ‘Accommodation and food service activities’ (8 per cent). The number of persons engaged in the informal units was around 56,100, representing 20 per cent of the total number of persons engaged in all small establishments covered in the CEA. Male employment was estimated at 41,000 and female employment at 15,100. Nearly half of the female workers were engaged in retail trade while men were mostly in ‘Wholesale and retail trade; repair of motor vehicles and motorcycles’ (27 per cent), ‘Transportation and storage’ (25 per cent) and ‘Construction’ (24 per cent) (Source: Statistics Mauritius.)

7.2 Social Protection Coverage: Survey Findings

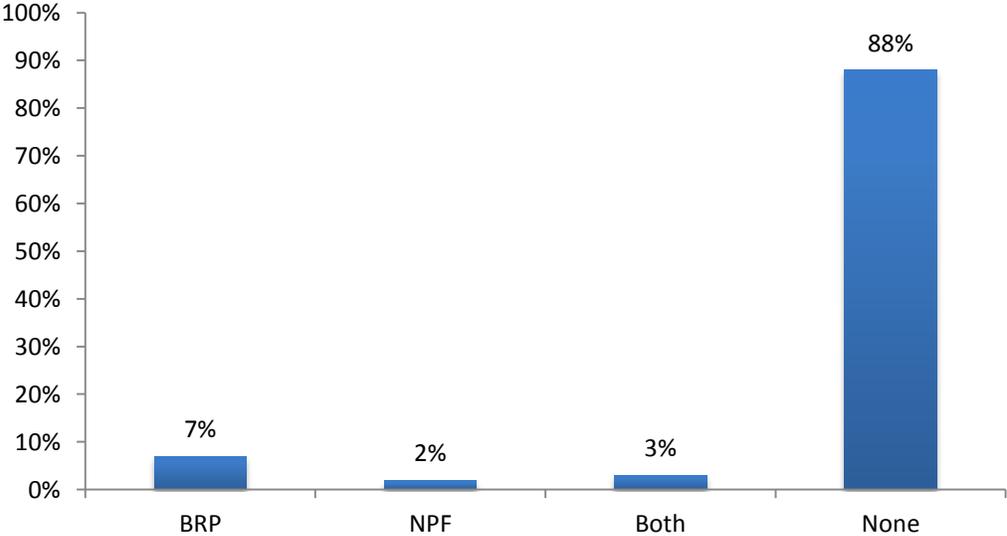
In Mauritius, to deal with high unemployment of women, especially after the termination of the Multi-Fibre Arrangement, the Government has encouraged unemployed and retrenched women, consisting mainly of textile and clothing sector workers, to turn to entrepreneurship as a means of sustaining their livelihoods (Tandrayen-Ragoobur and Kasseeah, 2016). These women, given their limited skills, could not find alternative employment in other booming sectors of the economy. However, while small informal businesses may sound a plausible outlet to them, they may not necessarily provide adequate social protection against illness, disability, unemployment, old age or even the death of the main income earner.

The full range of social protection interventions mainly includes protective, preventive and promotive measures. Protective measures is the provision of social assistance programmes by providing income and access to required services which are aimed at supporting the individual and families during a sudden period of crisis. Preventive measures refer to social insurance aimed at averting deprivation. These include old age pension and maternity benefits. Promotive measures aim to improve the capabilities and availability of income and consumption, basically enhancing overall conditions of life.

The findings from the survey confirm that women entrepreneurs operating in the informal sector in Mauritius face a lack of social protection. In the sample, 88 per cent of respondents benefit from no social protection. Those who do benefit from some form of social protection include 7 per cent of women who benefit from basic retirement pension (BRP) and 2 per cent who benefit from the national pension fund (NPF) payments, while 3 per cent benefit from both BRP and NPF.

These results point to a significant gap in the social protection of these women and highlight the vulnerability that these women can possibly face. Major areas of vulnerability are illness, untimely death of the breadwinner, unemployment, maternity and retirement from work. This suggests that there is indeed a gap that needs to be addressed.

Figure 7.1: Social Protection Coverage of Informal Sector Women Entrepreneurs



Source: Survey, 2016

These results are similar to the case of India where it is estimated that only 6 per cent of informal workers are estimated as receiving protective social security through governmental and non-governmental interventions. The fact that a large majority of these women do not benefit from any type of social protection suggest that they are in a position of high vulnerability.

7.3 Social Protection at the Household level

Next, we examine the social protection coverage at the household level. The objective is to investigate if there are other members of the household (those living under the same roof) who benefit from social protection.

Table 7.1: Social Protection Coverage of at Household Level

	Frequency	Weighted %
Basic Retirement Pension	110	24
Child Allowance, Protection, Welfare and Development	4	1
Death/Life Insurance	4	3
Disablement Pension	7	1
Education Plan	1	0
Housing	2	0
Invalid pension	6	1
NPF,NSF	3	0
Orphan's pension	1	0
Pre-Primary Education	2	1
Primary Education	16	5
Secondary education	37	15
Social Aid	1	0
Tertiary Education	12	4
Widows Pension	28	6
None	203	48
Total	403	100

Source: Survey, 2016

The women entrepreneurs interviewed in the sample also provide information regarding whether they or someone in their family living under the same roof, benefit from other types of social protection. The other main forms of formal social protection programmes their household members benefit from include help for secondary education, widow's pension, primary education and tertiary education.

We next conduct a series of cross tabulations to further examine the different dimensions of social protection. First we examine the age distribution of those who benefit from some source of

social protection and those that do not benefit from any source of social protection. We then examine social protection and the marital status of the women and finally we investigate the relationship between social protection and the sector of activity the women are involved in.

The table below provides the cross-tabulation between age and whether the women benefit or do not benefit from social protection.

Table 7.2: Cross Tabulation Age and Beneficiaries/ Non-Beneficiaries of Social Protection Programmes

Age	Total		Benefits from Social Protection Programmes		Do not benefit from Social Protection Programmes	
	Frequency	Weighted %	Frequency	Weighted %	Frequency	Weighted %
18-22 years	0	0	0	0	0	0
23-27 years	9	4	0	0	9	5
28-32 years	16	6	1	1	15	7
33-37 years	30	10	0	0	30	12
38-42 years	59	17	3	4	56	20
43-47 years	85	17	9	10	76	18
48-52 years	89	20	9	11	80	22
53-57 years	47	11	7	9	40	12
58-62 years	33	6	19	15	14	4
62-65 years	15	2	14	13	1	0
More than 65 years	20	7	20	38	0	0
Total	403	100	82	100	321	100

Source: Survey, 2016

The single most important form of social protection for women entrepreneurs remain the BRP when we examine the results from an age perspective. The highest percentage of women who suffer from the lack of social protection are clustered among the middle range (38-52 years) with the highest percentage who do not benefit from social protection comprising those between 48-

52 years. The results point towards age-related vulnerabilities. As pointed out by Slater and McCord (2009), the fear of creating dependency has led to the fact that working-age population are explicitly excluded from categorically targeted programmes.

We examine the marital status and whether or not women in our sample benefit from social protection. The main category which benefits from social protection include ‘widow’ while the married women benefit less from social protection with those who do not benefit from social protection comprising 84 per cent of the sample.

Table 7.3: Cross Tabulation Marital Status and Beneficiaries/ Non-Beneficiaries of Social Protection Programmes

	Total		Benefit from Social Protection Programmes		Do not benefit from Social Protection Programmes	
	Frequency	Weighted %	Frequency	Weighted %	Frequency	Weighted %
Single	17	4	5	3	12	4
Married	303	73	25	20	278	84
Divorced	19	7	2	2	17	8
Separated	8	2	1	1	7	2
Living with Partner	2	0	0	0	2	1
Widow	54	14	49	75	5	1
Other	0	0	0	0	0	0
Total	403	100	82	100	321	100

Source: Survey, 2016

In the next table, we investigate the sector of activity and the level of social protection. The majority of women entrepreneurs operate in “Wholesale & Retail trade; repair of motor vehicles and motorcycles and other activities” and this is the sector where the lack of social protection exists to a large extent.

Table 7.4: Cross Tabulation Sector of Activity and Beneficiaries/ Non-Beneficiaries of Social Protection Programmes

	Total		Benefits from Social Protection Programmes		Do not benefit from Social Protection Programmes	
	Frequency	Weighted %	Frequency	Weighted %	Frequency	Weighted %
Manufacturing	16	31	2	21	14	33
Wholesale & Retail trade; repair of motor vehicles and motorcycles and other activities	316	58	66	66	250	56
Accommodation and food service activities	71	12	14	14	57	11
Total	403	100	82	100	321	100

Source: Survey, 2016

Formal, government-based social protection is in the form of various contributory and non-contributory benefits paid either on a universal and a means-tested basis. There are major challenges that have been identified in implementing social protection programs in Mauritius. The social protection system in Mauritius faces a number of challenges among which inefficient coordination, monitoring and evaluation of the different social protection schemes, overlapping of programs, lack of uniformity in criteria, over coverage, wastage due to duplication of processing, limited information dissemination on availability of existing social protection programs among many others. In this context, a social register has been set up to deal with the above problems.

7.4 Informal Social Protection

The social protection in Mauritius consists of both formal and informal social protection. Informal social protection is provided by either the community including social and cultural groups as well as family-based systems and non-governmental organisations. Informal social

protection is becoming increasingly important even in an economy such as Mauritius which has a developed formal social protection system. Oduro (2010) finds that the current financial and economic crisis has added another layer of risk to already vulnerable households and firms. African households mainly use coping mechanisms that depend on family and other networks and self-insurance given that there is limited recourse to public social protection and formal credit and insurance markets.

Within the informal social protection system, non-governmental organisations (NGOs) and civil society organizations (CSOs) play a crucial role in social security and social protection. NGOs generally refer to “those voluntary organizations occupying the intermediary space between the state, on the one hand, and the most localized entities of tribe, clan, language group, and family, on the other hand” (Dinnen, 2003). They are active agents of social change and development and are the link between people and the government (Mohanty, 2011). They make significant contributions to non-state social protection systems, and participate informally in all social protection programmes such as labour markets, social insurance, social assistance, micro and area-schemes, and child protection. The table below indicates that informal social protection in Mauritius is almost non-existent. The few who do benefit from informal social protection comprise only members of the extended family either in Mauritius itself or abroad. No social protection is obtained from NGOs or religious groups.

Table 7.5: Beneficiaries of Informal Social Protection

	Frequency	Weighted %	Frequency	Weighted %
NGOs	0	0	0	0
Members of extended family in Mauritius	6	1	2	0
Cooperatives	0	0	0	0
Members of extended family abroad (remittances)	3	1	0	0
Religious Groups	0	0	1	0
Others (please specify)	0	0	0	0
None	396	99	401	100
Total	403	100	403	100

Source: Survey, 2016

We can therefore consider that the level of social protection of women entrepreneurs in Mauritius is very low. These women do not benefit from protection against sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner.

These results again highlight the lack of social protection of women entrepreneurs operating in the informal sector. The results also indicate that unlike other African countries, in Mauritius social protection from informal sources is almost non-existent.

7.5 Attitude towards Social Protection

To assess the extent to which policy can be implemented to help in the social protection of these women, it is important to investigate their attitude and awareness towards social protection. First, we analyse the attitude of the women entrepreneurs surveyed towards social protection. Most of the respondents (64 per cent) reported that they believe that people should retire at 60. The ideal mean retirement age was found to be at 61.29 years. Of the sample, 37 per cent indicated that they would retire at 60, 19 per cent intended to retire before they reached age 60 while 43 per cent would retire after the age of 60.

Table 7.6: Ideal Retirement Age

Age	Frequency	Weighted %
50	8	2
55	15	7
60	268	64
63	2	0
65	83	20
69	1	0
70	16	4
75	6	1
80	3	0
85	1	0
Mean	61.29	
Total	403	100

Source: Survey, 2016

The survey indicates that women are aware of pension schemes and the different types of social protection offered by the Government. Recently in Mauritius, the Government has increased the old age pension to Rs 5,000. This is to relieve the burden faced by the elderly in the face of rising costs and stagnating pensions. However, we find that 80 per cent of the women entrepreneurs surveyed in the sample report that the basic retirement pension of Rs 5,000 is not sufficient. When questioned about their general impression of social protection in Mauritius, 61 per cent state that they are not satisfied with social protection programmes. However, the results also indicate that the women entrepreneurs surveyed are aware of the need for social protection as 65 per cent believe that contributing to a pension plan would be to their advantage. These entrepreneurs also understand that their employees also need to benefit from social protection as 59 per cent believe that contributing to a pension plan would also be in the advantage of workers.

Table 7.7: Attitude towards Social Protection

		Frequency	Weighted %
Awareness of Pension Scheme	Yes	181	44
	No	222	56
	Total	403	100
Awareness of Types of Social Protection	Yes	289	78
	No	114	22
	Total	403	100
Is Rs 5, 000 as BRP sufficient?	Yes	81	20
	No	322	80
	Total	403	100
Satisfaction with Social protection Programmes	Yes	167	39
	No	236	61
	Total	403	100
Do you think that contributing to Pension plan would be in your advantage?	Yes	250	65
	No	153	35
	Total	403	100
Do you think that contributing to Pension plan would be in the workers' advantage?	Yes	234	59
	No	169	41
	Total	403	100

Source: Survey, 2016

7.6 Econometric Modelling and Willingness to Pay

One of the major objectives of the study is to assess the willingness of informal women entrepreneurs to pay for social protection schemes. This willingness to pay is modelled by the following equation.

$$WillingnesstoPay_i = \delta_0 + \delta_1 Age_i + \delta_2 FamilySize_i + \delta_3 Education_i + \delta_4 HouseholdIncome_i + \delta_5 SelfIncome_i + \delta_6 Sector\ of\ Activity_i + \delta_7 FamilySupport_i + \varepsilon_i \quad (3)$$

where i represents the individual in the sample. The dependent variable is the willingness to pay (*WillingnesstoPay*) for social protection schemes which is contingent on the entrepreneur's attributes and the firm's characteristics. The independent variables are similar in to equations (1) and (2) in Chapter 6. New variables included are *SelfIncome* which denotes income received by the respondent from her business while *FamilySupport* explain whether the woman entrepreneur receives any kind of family support. The logistic regression is thus applied and it uses the Maximum Likelihood technique to get the estimates of the coefficients. The coefficients in the output of the logistic regression are given in units of log odds (that is logarithm of the odds). The results are tabled below.

Table 7.8: Willingness to Pay - Regression Analysis

Coefficients:	Estimate	Standard Error	T-value	Pr (> t)
Household-Income Rs 10001 - Rs 15000	0.48	0.96	0.50	0.62
Household-Income Rs 15 001 - Rs 20000	0.70	0.92	0.76	0.45
Household-Income Rs 20001 - Rs 25000	2.04	0.96	2.14	0.03*
Household-Income Above Rs 25000	2.17	1.01	2.16	0.03*
Self-Income Above Rs 5000	1.08	1.02	1.07	0.29
Self- Income None	1.10	0.77	1.42	0.16
Age 33-37 years	-1.22	0.91	-1.33	0.18
Age 38-42 years	-0.33	0.70	-0.48	0.63
Age 43-47 years	-0.54	0.73	-0.74	0.46
Age 48-52 years	-1.61	0.82	-1.97	0.05*
Age 53-57 years	-1.83	1.03	-1.78	0.08

Age 58 years and above	-2.95	1.56	-1.89	0.06
Education CPE (passed)	-1.15	1.01	-1.14	0.25
Education Some secondary education	-0.20	0.82	-0.25	0.80
Education SC (completed) /HSC (completed) /Tertiary	-0.54	0.92	-0.59	0.56
Family_size2	0.52	2.16	0.24	0.81
Family_size3	0.62	2.15	0.29	0.77
Family_size4	0.38	2.15	0.18	0.86
Family_size5 or more	0.54	2.15	0.25	0.80
Sector of Activity Wholesale and Retail trade; repair of motor vehicles and motorcycles and other activities	-0.65	0.48	-1.35	0.18
Sector of Activity Accommodation and food service activities	-0.86	0.85	-1.01	0.31
Family Support	0.70	0.53	1.32	0.19

Source: Authors' Computation - Survey, 2016

The multiple regression analysis above identifies monthly income and age as the key determinants of the willingness to pay for social protection schemes. The regression coefficients are statistically significant especially for those informal women entrepreneurs with a household income exceeding Rs 20,000. Similar results have been found for Bangladesh where the willingness to pay for Community-Based Health Insurance scheme was expressed by 86.7 per cent of informal workers. Weekly average willingness to pay was 0.32 USD and varied significantly across occupational groups. Willingness to pay was highest among rickshaw-pullers, followed by restaurant workers and shopkeepers. Monthly income, occupation, geographical location and educational level were the main elements explaining willingness to pay in urban Bangladesh whereby the latter increased by 0.20 per cent with each 1 per cent increase in monthly income, and was 26.9 per cent lower among workers with up to a primary level of education versus those with higher than primary, but less than one year of education (Ahmed *et al.*, 2015).

Likewise, Bärnighausen *et al.* (2007) use the contingent valuation method to assess the maximum willingness to pay for basic health insurance among informal sector workers, including unregistered rural-to-urban migrants, in Wuhan City, China. Their results show that on average, informal sector workers were willing to pay substantial amounts for basic health

insurance. Average willingness to pay increased significantly when any one of the co-payments of the basic health insurance was removed in the valuation. Willingness to pay was higher than the estimates of the cost of basic health insurance based on past health expenditure or on premium contributions of formal sector workers. Predicted coverage with basic health insurance declined steeply with the premium contribution at low contribution levels. Being male, a migrant, or without permanent employment significantly decrease willingness to pay for basic health insurance. Education was, however, not a significant determinant of willingness to pay for basic health insurance.

CHAPTER 8

CONCLUSION AND POLICY IMPLICATIONS

8.1 Conclusion

Social security and protection is a human right as recognised in Article 22 of the Universal Declaration of Human Rights (UN, 1948) and in Article 9 of the International Covenant on Economic, Social and Cultural Rights (UN, 1976). There is growing evidence that social security is a tool to realise economic, social and cultural rights such as the right to health, the right to education and the right to food, amongst others. However, the present social protection schemes are aimed at workers in the formal economy while those in the informal economy are completely ignored. Individuals operating in the informal sector are the most vulnerable ones who in fact crave for the need of social protection and a decent living standard. It is widely recognised that in the majority of cases, informality is not a choice but rather a necessity “for those not able to find formal jobs and in the absence of privately or publicly provided social protection” (ILO, 2014).

Traditional development economics assumes informality will sooner or later vanish and informal operators and workers will be absorbed into formal employment or businesses with access to social security. Contrary to these predictions, informality has not declined but persisted in most developing economies. Today, there are two features of the informal sector that are well-recognised. First, much of the informal economy contributes greatly to the formal economy. Second, women constitute the majority of precarious, under-paid, informal workers (World Bank, 2016). Women, particularly those in developing countries, are concentrated in informal employment, which by definition, is work with no access to social protection. A total of 74.2 per cent of women in wage employment in Sub-Saharan Africa and 63.2 per cent in Southern Asia are currently not contributing to social protection, which is linked to high levels of informality in those regions (ILO, 2016). This disproportionate amount of women in the informal sector in developing countries is left without access to social protection. Lack of social protection is caused partly by lack of eligibility owing to the nature of the work. Though this is not specific to women, it is aggravated for them, as structural and gender inequalities lead to a concentration of female in the informal sector.

It is this picture of women operating in the informal sector, more specifically women entrepreneurs having their small businesses and their inaccessibility to social protection which is the main motivation of this study. Hence, the focus of this study is to analyse social protection and its financing among women in the informal sector with particular emphasis on women entrepreneurs operating their micro and small businesses informally. With no comprehensive official statistics on the informal sector in Mauritius, this report builds on primary data collected through a survey of 403 women entrepreneurs operating their small businesses in the informal economy.

Our specific objectives concentrate firstly on an investigation of the demographic and socio-economic profile of women operating in the informal sector in Mauritius. We then examine the characteristics of women entrepreneurs who have registered their business activity relative to those who have not. The future intention of women entrepreneurs to register their informal activities is also assessed. The second dimension of this report evaluates the current status of social protection schemes known to informal women entrepreneurs and their adherence to such plans. In the same vein, we assess their willingness to pay for social protection schemes. The results obtained from the survey analysis will further help in probing into the possible provision of social protection to informal sector women entrepreneurs among other policy options which may lessen their vulnerability.

On the socio-demographic profile of women entrepreneurs in informal activities, our study finds that women were mainly aged between 33 to 62 years. This diverges from evidence available for other African economies where both female workers and entrepreneurs in the informal sector are younger in the age group of 18 to 45 years. In effect, the increase in women's entrepreneurship in the informal sector for women in the above age group results mainly from the phasing out of the Multi-Fibre Agreement and EU Sugar reforms urging the closure of many garment and sugar factories and leading to a massive loss of jobs among women. Being unskilled or facing a lack of appropriate skills, these middle-aged women were unable to move to other sectors of the economy and had no choice than going into the informal sector to earn a living. In addition, the majority of women interviewed (75 per cent) are married. Marital status is often linked to greater family responsibilities of child bearing and household economic activities. Similarly, most women (34 per cent) have households with 4 family members. This is the typical Mauritian household with parents and 2 children.

From the survey, the highest percentage of women within informal activities have some secondary education (37 per cent) followed by 29 per cent with no level of education and 19 per cent have only completed primary education. It is a well-documented fact that African women in the informal sector, have low levels of formal education and skills (Bhorat, 2002). Mauritius is no exception to that where the low level of education is directly linked to their informality. The need to survive in the face of long term unemployment, along with heavy dependency burdens are the main factors that may push African women to the informal sector (Lalthapersad-Pillay, 2004). Further, prior to their informal business, 53 per cent were housewives and 44 per cent had a job in the formal sector. Numerous studies have shown that “independence” and “self-reliance” represent the primary reasons which, among others, force many women to involve in the informal sector (Omari, 1995; Omari and Koda, 1989). The participation of Mauritian women in the informal sector is an index of the social changes taking place at the household and community levels whereby women transcend their traditionally assigned place and role in society, to exercise their managerial capacity and complement their husband’s/ partner’s income.

Besides a lack of skills, unfavourable dependency burdens, and high levels of unemployment, a crucial reason why African women turn to the informal sector resides in its easy access (Lalthapersad-Pillay, 2004), flexibility in terms of hours of work and mobility. In the sample, the flexibility that the informal sector offers in location, hours of work, and mobility makes it easier for Mauritian women to spend more time in their activity. However, for the majority of women (73 per cent) operating in the informal economy, they earn a salary less than Rs 5,000 which is well below the threshold of absolute poverty. Their informal activities therefore help them to get a very meagre income inadequate for a decent living.

The study further analyses the characteristics of the informal activities and their operations. The highest percentage of women entrepreneurs are in wholesale and retail trade, while 31 per cent are in manufacturing and the rest (around 12 per cent) are in accommodation and food service activities. Similar results have been noted for other African countries where women are more prevalent in informal trading activities (Equality for Growth, 2009 for Tanzania). An investigation on the number of years of operation in the informal sector shows that 26 per cent of women entrepreneurs have their informal businesses for more than 15 years while 19 per cent and 16 per cent have been in the informal economy for around 3 to 5 years and 6 to 8 years, respectively. To start their own enterprise, 82 per cent of women

surveyed have used their own funds, whilst 24 per cent obtained funds from family members and 12 per cent were able to take a loan from financial institutions. This is in line with Lund (1998), whereby most women use their own money or borrow from relatives. In Nair (1996) study, most of the women in Durban, South Africa have started their ventures with less than 200 South African Rand (around Rs 700).

On the revenue side, 60 per cent of women reported that their monthly revenue varies significantly and is unstable. For 88 per cent of women entrepreneurs, December represents the highest income generating month essentially because of the festive seasons and income bonus earned by consumers. With respect to their level of turnover and profits, for most women (48 per cent), the monthly average turnover is in the range of Rs 5,001 to Rs 10,000 followed by 29 per cent having as monthly turnover around Rs 5,000 or less. Profits also follow the same picture being on the very low side. Moreover, in terms of firm size, we note that the majority of women are in the survivalist, or 'poor end' as independent informal entrepreneurs, who work for themselves and rarely employ others. For those employing family members, 86 per cent do not pay the latter, who are thus regarded as unpaid family workers. Unpaid workers in a family business face greater economic insecurity, vulnerability and lower access to pensions and other safety nets (World Bank, 2015).

The report also focuses on the reasons motivating women to be part of the informal economy. For the majority of women, their informal activity represents a source of secondary income that is an addition either to their husband's income or a survival means when they are either widowed or separated. For 89 per cent of women entrepreneurs, their present informal business is the only activity they could engage in, given their income situation. Further, 71 per cent of them believe that being in the informal sector is much better than having a formal employment. For around 55 per cent of women, their informal activity brings in greater flexibility, that is more time to spend with their family and children. Likewise, 19 per cent state that they earn more profits or revenue when operating in the informal sector while around 14 per cent claim that there is no pressure from their superior and can spend more time with clients in their informal activity. However, women face a number of challenges in the informal sector, whereby competition and the reduction in the number of customers pose a major threat to their activity. Competitive pressures stand as a major hurdle for 49.6 per cent of respondents, followed by weather conditions which for around 12 per cent of them represent another struggle for the smooth running of their business. Similarly, around 9 per

cent argue that unstable income is a problem while 6 per cent view that their working conditions are very demanding.

Next, we probe into the registration of women entrepreneurs with the SMEDA. The majority of respondents (71 per cent) are not aware of the support schemes available and 87 per cent have never benefitted from any of these programmes. For the 13 per cent who got support, it was essentially in terms of training, loans from the Development Bank of Mauritius and market fairs. Similarly, only 72 per cent of businesses are registered with the Registrar of Companies. When asked when they will be doing so or whether there is any intention to register, it is noted that 61 per cent do not intend to register their business. Around 12 per cent state that they will register their enterprise in the next six months while 27 per cent plan to register at a later stage. It is further found that the non-registration of business tends to be more pronounced among those with low level of education. The reasons put forward for non-registration are many. Around 32 per cent argue that it is too costly to register their business while 26 per cent believe it is too time consuming and the same percentage consider that the tax rate is too high. Similarly, 25 per cent deem that there is a lack of information on the procedures for registration. Around 15 per cent of women do not understand the present registration formalities as they have no basic level of education and do not know how to read and write.

The econometric estimation provides support for the non-linear relationship between age and non-registration of businesses. As age increases, women are more likely to register their informal activity but beyond a given age, the probability of registering declines with older women entrepreneurs finding no need to register their activity due to small size and difficulty in understanding the registration procedures. There is also evidence that those women who are the primary income earners prefer to register their business relative to non-primary income earners. The estimated regression equation provides further support to the positive link between education and registration of enterprise in Mauritius. A positive association is obtained for firm age and the likelihood of registering the business as women who have been in business for long have effectively registered their activity. In the survey, women with a monthly business turnover ranging from Rs 5,000 to Rs 10,000 are more likely to register than those in the lowest turnover range of less than Rs 5,000.

Another dimension of informality remains the non-separation of business assets and accounts from those of the household. Around 31 per cent do not separate fuel expenses between business and household activities and 10 per cent use the same asset (location, kitchen and plot of land) for both their business and household. Further, 14 per cent do not have separate machinery and equipment for household and business needs and 16 per cent do not allocate distinctly their raw materials between their household and business.

With respect to social protection schemes for women entrepreneurs in the informal sector in Mauritius, it is noted in the survey that 88 per cent of respondents do not benefit from any social protection. Among those women who benefit from some form of social protection, 7 per cent of women benefit from basic retirement pension (BRP), 2 per cent benefit from the national pension fund (NPF) payments, while 3 per cent benefit from both BRP and NPF. These results point to the significant gap in social protection for these women and accentuate further their vulnerable situation. Social coverage within the household is also assessed, and it is observed that other household members may benefit from other schemes for primary education, secondary education and tertiary education as well as widow's pension. Within their families, 48 per cent of the members mentioned that no one was receiving any form of social aid, 24 per cent were beneficiaries of old age pension (BRP) and 28 per cent benefited from some other form of social aid other than BRP

Moreover, the single most important form of social protection for women entrepreneurs remains the BRP. Similarly, the highest percentage of women who suffer from lack of social protection are clustered among the middle range (38-52 years) with the highest percentage who do not benefit from social protection comprising those between 48-52 years. The results point towards age-related vulnerabilities. The other category which benefits from social protection includes 'widow'. The results highlight the lack of social protection of women entrepreneurs operating in the informal sector. These women do not benefit from protection against sickness, maternity, employment injury, unemployment, invalidity, old age or death of the breadwinner.

The report further assesses the attitude of the women entrepreneurs towards social protection. Above 50 per cent of the respondents were unaware of the various social protection schemes provided by the government. Recently, the Government has increased the old age pension to Rs 5,000 to ease the burden faced by the elderly in the face of rising living costs and

stagnating pensions. However, 80 per cent of women entrepreneurs report that the basic retirement pension of Rs 5,000 is not sufficient. Further, around 64 per cent believe that people must retire at 60 with the ideal mean retirement age being 61.3 years. When questioned about their general impression of social protection in Mauritius, 61 per cent state that they are not satisfied with social protection programmes. However, there is evidence for the need of social protection schemes since 65 per cent believe that contributing to a pension plan will be beneficial. These entrepreneurs also understand that their employees need to benefit from social protection as 59 per cent believe that contributing to a pension plan will be in the advantage of workers. Of those who are unwilling to contribute towards a social protection scheme, 76 per cent attribute this to financial constraints and 19 per cent are not convinced that the scheme will be to their advantage.

8.2 Policy Recommendations

Despite the heterogeneity in occupations, workers and employers in the informal economy share common constraints namely burdensome regulations, poor working conditions, lack of social protection, and lack of skills and finance for better productivities and incomes (Holmes and Scott, 2016). In addition, changing the face of informal enterprises is a complex multidimensional process, where it is important to unlock the nature of eclectic categories of informal workers, their constraints as well as their potential to contribute to overall GDP (World Bank, 2016). These difficulties are, however, more pronounced for women given their double-work load and increased amount of unpaid work. Hence, gender-specific strategies and policies are needed to address the problems of women operating in the informal economy.

In the report, wholesale trading activities seem to be more widespread amongst informal women entrepreneurs. However, very little is known about the dynamics of this sector and statistical data and evidence is remarkably lacking. Data on the actual number of women in the informal economy, the sectors where they operate, their contribution to employment and their links to the formal economy is needed. Such information can better help in producing in-depth analytical work and in designing relevant evidence-based policies.

- **Strengthen Labour Market Regulations to address Gender Discrimination**

One major policy option which can be derived from our investigation is the creation of jobs and elimination of gender discrimination in the formal economy. It is noted from the study that the majority of women in the informal sector were previously employed in the garment industries which closed down or were housewives with no appropriate skills to enter the formal labour force. Strengthening labour market regulations to produce a more level playing field for women within labour markets, and enhancing women's income security and employability, for instance formalising informal work, imposing a national minimum wage, eliminating discriminatory wages (Sieverding, 2011), may create better options for Mauritian women. These actions can prove to be effective by respecting fundamental rights and equity, creating more and better jobs and providing social protection, and at the same time involving increased representation and voice of women.

- **Provide Inclusive Market Infrastructure and Credit**

Informal women owned enterprises need to be supported via inclusive market infrastructure development; increasing their productivity; and supporting their inclusion in local development. Targeted support strategies have to be put in place to improve access to credit, technology, training and marketing in order to strengthen the productive capacity of these informal women entrepreneurs and small producers. Women must be assisted to develop a business plan, which they can use to render their business more profitable, sustainable and move from informal to a formal status. Targeted programmes need to be designed for the provision of support services to the informal sector in order to build and strengthen networks among small producers and micro-entrepreneurs.

- **Training and Capacity Building**

Further, they require capacity building or any other form of literacy to improve their knowledge of accountancy and basic business management for the prompt operation of their enterprise and sound accountability. Enhanced training which combines basic business management training with enhanced features like mentoring, technical, digital literacy, and personal training, information and linkages to government programs, finance and other opportunities, and creation of peer networks may prove to be useful (ILO, 2016). Expansion

of formal activity could also be undertaken by e-marketing or through the internet. This would be at lower cost of operation, not necessarily requiring big space or freehold property to operate. Hence, computer literacy and knowledge building would have to be ensured. These entrepreneurs could also develop their manpower to ensure business growth and sustainability. National Empowerment Foundation may assist in this matter.

- **Incubators and Networking**

Moreover, incubators may be helpful for many of them to conceptualise, test and market their products. Setting up incubators would make women entrepreneurs in the informal sector more creative and innovative and help them in branding their products as well as enhancing their value added. Business incubators also offer low cost office space, access to IT and high-speed internet, a central source for information on regulations, available financial services and programs of interest to entrepreneurs, a focal point for networking with other entrepreneurs, and business training and mentoring. While business incubators typically focus on start-ups with high growth potential, the model can be adapted to serve existing enterprises and those with more modest capacity for growth (ILO, 2016).

- **Linkages with Formal Businesses**

Informal businesses must be encouraged to find financing modes which extend beyond commercial banks exploring opportunities to partner with other informal businesses which ultimately could help them to expand and become formal as well. They could find ways and means to connect to formal businesses in supplying their products helping them to sustain their businesses subsequently. These could be strategic partners and alliances.

- **Awareness of Social Protection Schemes**

Regarding social protection, entrepreneurs should be made more aware of the different schemes that exist for those which are formal and what benefits they may derive. A tier scheme for social protection could be conceived, with a compulsory first tier contributed by the entrepreneur, a second tier by the government and a third tier (optional) as an additional contribution to ensure broader social protection coverage.

Many social protection or insurance programmes are linked to formal employment (full-time and life-long employment), and these implicitly discriminate against women (Razavi *et al.*, 2012) as a large number of them operate in part-time jobs, informally or are self-employed. Reforms and changes in eligibility for social insurance can improve access for women in the informal economy. Reforms in the form of the introduction of flat rates, contributions that are not linked to a proportion of income and exemption from premiums for groups of informal workers are several measures that can increase coverage in some schemes. Introducing innovative payment mechanisms such as flexible payment schemes and eliminating fixed fees can be helpful.

Some examples of social protection schemes/programmes around the world for women who operate in the informal sector is summarised in Table 8.1 below:

Country	
Bolivia	The Juana Azurduy Mother-Child Grant (BJA) was created in 2009 with the objective of: “decreasing the levels of maternal and infant mortality and chronic malnutrition among children younger than two years old”. The target population comprises all pregnant women and children younger than two years old that do not have formal healthcare coverage.
Brazil	<i>Programa Crescer</i> , offers directed productive microcredit at low interest rates. Nearly three quarters of borrowers and half of micro-entrepreneurs in the Single Registry database are women. <i>Programa de Fomento para Atividades Produtivas</i>) women can buy productive inputs and machinery and pay for labour, which are essential for ensuring food and nutrition security, as well as increasing production in a well-structured manner.
Benin	Savings and Loans Groups Anywhere from 10 to 35 women come together to form a group. They elect a President, a Secretary and a Treasurer, and every week put their savings into a common pool of funds. After a few weeks or months, any of the members can ask for a loan and must repay it within the next three months, paying an interest rate of 5 - 10 per cent. Loans do not require asset guarantee, which is particularly helpful for small-scale women farmers who often do not own land or assets. Some groups also open a solidarity fund composed of the savings of each member of the group, which can be used in the event of emergencies.
India	SEWA (Self-Employed Women Association-India) SEWA was established in 1972 as a trade union and set of cooperatives for women who work informally in situations without a fixed and continuing

	<p>employer/employee relationship.</p> <p>Services provided include the following:</p> <ul style="list-style-type: none"> • Members are provided with health education and promote the use of protective equipment like gloves and masks • SEWA provides an integrated (life, asset, health) insurance scheme. • SEWA developed its own maternity benefit scheme in 1992. This includes a grant at the time of childbirth and some antenatal and nutritional care
Kenya	<p>Gender and Enterprise Together (GET) Ahead Training programme provides “soft” and “hard” business skills to empower women to start and grow their businesses.</p>

Source: ILO Issue Brief (2018), Various Websites

Social protection programmes for the informal sector could be designed in such a way that the benefits, contribution mechanisms and service delivery are adapted to its peculiarities. For example, beneficiaries can choose between different branches of a social insurance scheme, in line with their needs and contributory capacity. Flexible contribution payments and reduced cost of registration may be helpful for them since we have observed that these women entrepreneurs have irregular and unstable income in terms of frequent income fluctuations or seasonal revenues. Hence, social protection schemes will have to move away from the model of existing plans designed for formal, full-time and life-long (male) workers to accommodate more dynamic and unpredictable work and revenue patterns of informal businesses. This will have implications for how contributions are made and how social protection programmes are designed to adapt to fluctuations and risks.

Overall, many schemes do not reflect gender differences, and there is a need to better respond to women’s higher burden of care work responsibilities, the effects of informal employment, their longer life expectancy, different reproductive health needs and intra-household inequalities in decision-making and allocation of resources (Holmes and Scott, 2016). Social protection programmes can address gender differences via the provision of child care support. This can either be through crèche facilities in programmes by shifting care responsibilities from women to the state and integrating them into social policies for informal workers (Ulrichs, 2016). Similarly, the gendered distribution of paid and unpaid work can be questioned by actively encouraging men to share care duties, such as through the provision of paternity cover, allowing mothers or fathers to be recipients of child grants (Chopra, 2014).

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