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**The Contribution of Women to the Development
of Small and Medium Scale Enterprises and Cooperatives**

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Making women's economic role visible

In the developing world, women's major contribution to the sphere of paid work does not occur in large-scale factories and offices. They contribute in the capacity of small-scale entrepreneurs and self employed 'own account workers', as well as forming a substantial workforce in the unorganised sector - a sector that does not lend itself easily to statistical quantification. It is not surprising, therefore, that women's contributions to a nation's wealth creation invariably get underestimated in national and international calculations. Hence, focusing attention on the role of small and medium scale enterprises becomes a necessary step if we are to highlight the current and potential economic contributions that women workers make in the poorer parts of the world.

In a number of countries, particularly in Africa, women have always played an important role in the unorganised sector of petty trade and commerce. In Ghana or in Swaziland, petty trading is seen by most ethnic groups as a female occupation. The noticeable fact, however, is that even there it is difficult to find women in large-scale wholesale trading - this high productivity area being totally monopolised by men [1].

The concentration of women in the low productivity segments of trade and commerce warrants special attention; and so does the invisibility of their labour inputs in the manufacturing and services industries of the informal or unorganised sector. The garment industry in Delhi provides a typical example. According to the official estimate, the number of units of production is only 373, employing 13,563 workers. The Garment Exporters Association places the figure at 100,000 workers, of whom 25 per cent are deemed to be women. But recent research reveals that even this latter figure is a gross underestimate, as it does not take into account the large number of home-based women workers active in the industry [2].

A programme for enhancing women's prospects in small and medium scale enterprises, therefore, has to be preceded by research that clearly identifies the extent of participation of women in this generally unorganised sector.

Reasons for the presence of women in the informal sector

It is important to explore the reasons why the policymakers generally speak of the informal sector in the context of small and medium-scale enterprises of the developing world. The association stems from the special employer-employee relationships that generally characterise production units outside the spheres of large-scale corporate organisations.

Large-scale production units have a complete separation between employers and employees; in these workers are recruited solely as wage earners. This is the sector where it is comparatively easy to enforce employment and

labour legislation, and where workers can become an elite and often strongly unionised workforce. This sphere of employment is generally open to men but not to women. The Indian experience is typical of many a third world country:

What emerges is that employers prefer to recruit men rather than women into the organised sector, whereas the opposite is true of the unorganised sector. It is not difficult to see why employers prefer to employ men ... Legal recognition of women's domestic responsibilities involves granting them maternity leave, paying maternity benefits, and providing a creche for their children under the age of six... Flexibility is impaired because women cannot be employed on shift systems involving night work, it is impaired even more because women are less willing than men to work overtime [3].

The exclusion of women as entrepreneurs in this sector is even more pronounced; access to the kind of finance that investment in the large-scale production units needs is virtually unavailable to women in the poorer part of the world.

In contrast, small-scale enterprises hold some prospects for women - both as entrepreneurs and as workers. For the small-scale enterprise, it is relatively less difficult to raise the necessary finance; in some cases, initial finance can be raised even from family or personal savings. For some women, setting up on one's own can be a natural transition from being a wage-earner, street vendor or commodity producer. In the small-scale sector, the owner (employer) is also a producer. This organisational

structure, therefore, lends itself to the spirit of 'one big family' - where childcare facilities and flexibility in work hours are provided, albeit informally.

In developing countries, it is not difficult to identify cases where small-scale enterprises have managed to make the leap to large-scale production. However, it is rare to find such progression among women entrepreneurs. Even in the third Italy, which is a model for the decentralisation of work and of small businesses in the West, it is difficult to find the female counterpart of a Luciano Benetton. The problems are universal: women have limited access not only to adequate finance, but also to the managerial, technical and marketing skills that make such a leap from small to large scale possible. Training for business is universally geared to the needs of male workers. Hence women, with their traditional and family constraints, find it difficult to make use of such training. Unless, that is to say, collective action of women, through cooperatives, enforces directional changes in training and institutions.]

Multiplicity in employment relations

Because of the nature of small and medium size enterprises, one can discern in them four broad groups of employment relations:

1. **Contract work** - where the employer provides short-term wage workers with most or all of their equipment, raw materials and necessary inputs. In the food processing or construction industries, the numerical significance of women contract workers has been well documented [4]. In the consumer- electronics or the garment industry, recruitment of women contract workers to meet seasonal demands has also been a common business strategy. Contract work,

strictly speaking, is recognised as wage work but does not offer wage-earners the usual benefits associated with regular employment in the formal sector. In such forms of employment, however, employers gain the required flexibility in the recruitment and in the hoarding of labour.

2. **Disguised wage work** - whereby small and medium size enterprises regularly and directly use part of an employee's work without that person being legally employed. Homeworkers - often called outworkers - are major examples of such workers. Mostly women, they work from their homes for piece-rate payments. Such employees can select their hours within the limits of their subsistence income. Home-based work thus provides women with the possibility of combining domestic duties with effective income-generating activities. Also, this form of work in some cases opens the possibility for women of saving up for a subcontracting business of their own - the type of business that can draw upon ethnic and community networks of women workers. This form of employment, however, excludes workers from the protection of current employment and labour legislation.

3. **Dependent work** - the small and medium scale enterprises that provide home-based work are often themselves subcontractors of large-scale units of production. In this context, the small-scale units are, in the majority of cases, the outside factories of large-scale corporate organisations.

The subcontractor of the large firms relies heavily on the corporate sector for market outlets; she or he also depends on one or more big firms for credit, the rental of premises and equipment, and the

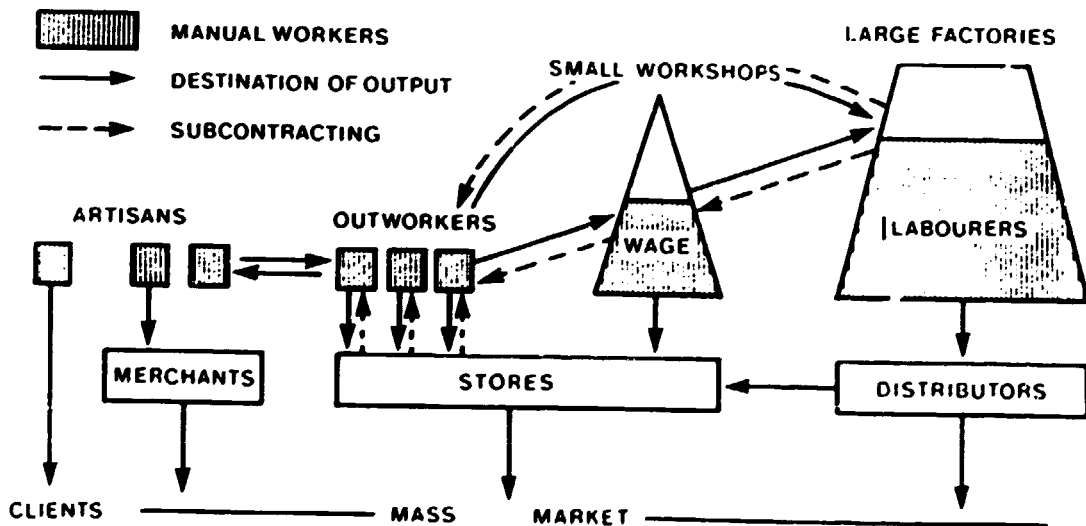
supply of raw materials. The weak bargaining power, particularly of women-headed small businesses, means that purchases and sales of their products often take place at a much-reduced price and the repayment of credit at an extortionary rate of interest.

4. True self-employment - the above categories severely narrow down the number of true self-employed, who have a free choice of suppliers and market outlets, and who own the means of production.

How informal is the informal sector?

Comparing these categories of relationship between employers and employees throws light on the myth of informality of the so-called 'informal' sector. Figure 1 depicts schematically the identifiable links between the large and the small-scale sectors.

Fig 1: Relationship between large and small-scale enterprises



Source: MacEwan Scott, A. 1979 'Who are the Self-Employed?' in *Casual Work and Poverty in Third World Cities*, edited by R Bromley and C Gerry

These links between the two sectors are currently becoming ever more pronounced with changes in technology and in management strategy. In the western world, the new technology has revolutionised the way production is planned and has given rise to a widespread method of subcontracting to smaller units of production. The patterns of organisation in areas such as car components, printing, clothing and computing typify the situation [5]. The companies prefer to decentralise work as much as possible, while keeping tight control over the market, quality and brand image. The trend is to follow, as much as possible, the Japanese Just-in-time system of stockless production. In management jargon, the companies strive to become 'hollow corporations'.

The phenomenon of subcontracting to smaller units of production is not confined to the rich part of the world. The trend towards 'hollow corporations' is discernible in many parts of the developing world as well. The case of 'putting out' to smaller, and in many cases unregistered, units, is well documented in the clothing, textile, food processing and light consumer goods industries of poorer countries [6].

The so-called informal sector produces commodities, services and skills not only for the national market, but also for the world market and for the multinational companies. In the Mexican Border industries, single women with extended education are generally employed in the electronics factories; whereas women with less education and dependent children, who find it difficult to have access to such jobs, try to find employment in smaller garment factories at lower wage rates and with fewer employment benefits [7]. With the advent of teleports and satellite technology, informalisation of clerical and office work is also discernible in the developed as well as in the developing part of the world [8].

Women's response to structural adjustment: the growth in the informal sector

The current growth in the small scale sector has also been the result of women's survival strategies in order to cope with the debt crisis and/or rising poverty in many a third world country. As a consequence of the severe economic crisis in Tanzania, for example, women's role as income earners and supporters of their families has been greatly increased. Women's earlier purely domestic activities which had public recognition, have now become marketable: sewing, cooking, gardening and rearing livestock are now bigger assets to the household economy than formal wages [9].

The increase in absolute poverty in Bangladesh has similarly led to feminisation of the small-scale sector. Even in a traditional Muslim society, women living on the margins of physical survival cannot afford to let purdah and propriety interfere with the struggle to stay alive. The trend is for women now to seek jobs even outside their homestead activities, such as trading on their own account in local bazaars, working in hotels, teashops and other small-scale establishments, quite apart from begging and prostitution [10].

Women's Cooperatives : A way forward

Does 'small', in this context, bode well for women workers? The answer is not simple to offer and demands a SWOT (Strength, Weakness, Opportunities and Threats) analysis. Women, as workers, receive little protection and few benefits in their employment as wage-earners, either as outworkers or as employees of small units. On the other hand, the growth of the unorganised sector opens up a new channel for employment in those areas of

industry that were, in the past, monopolised by men in factories of the organised sector. Moreover, the small scale enterprise offers the chance of a livelihood to poor women in countries coping with the traumas of structural adjustments.

Against this background, the task for national governments and international agencies will be to find ways of enhancing the opportunities and effective power of women in small and medium scale enterprises, while minimising the threats to which such enterprises are exposed.

The existing, albeit informal, cooperatives of self-employed and casualised women workers in many parts of the third world can become a starting point for such plans. These cooperatives started on the initiative of women themselves, to provide a greater bargaining power vis-a-vis those who control the market and the finance. At the first stage, it will be more cost-effective to channel resources to strengthen these indigenous cooperatives than to start new ones by external professionals. An account of the experience of mobilising women in these cooperatives will, at the next stage, help initiate similar ventures in other parts of the developing world.

There are many examples of such informal cooperatives in different geographical areas. Their origin and nature are deeply bound up with local, political, economic and social traditions. A programme for replicating the successful ventures elsewhere should therefore give due recognition to the local specificities. Only then will it be possible to evaluate the scope of learning from each other's mobilising experience.

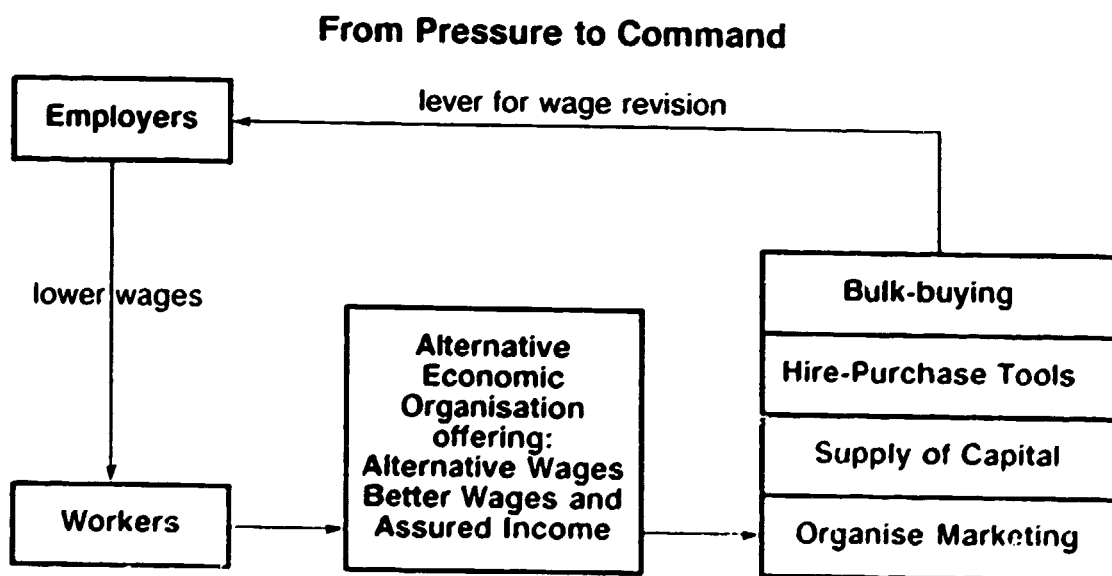
In the context of debt crisis and structural adjustment, the Latin American experience of organising income-generating activities around communal

kitchen, group buying activities and women's workshops needs close inspection [11]. In Africa, peasant women's cooperatives in the outskirts of Maputo in Mozambique offer a model of what women can achieve in gaining dignity of work and of living in a war-torn country [12].

Some particularly successful examples of cooperative and collective activities of self-employed and home-based workers can be seen in South Asia [13]. The best known of them are the Working Women's Forum in Madras and Self Employed Women's Association in Ahmedabad [14]. Both organisations have initiated an integrated plan of development for women that includes the formation of cooperatives for buying and selling and credit facilities, as well as devising training programmes.

Fig 2: Strategies of Self-employed Women's Association in India

- 1 To ensure visibility -
 - a) by organising them into units/co-operatives:
 - b) by giving publicity about their existence
- 2 To wage a struggle - for better conditions for work and pay
- 3 To involve women in development activities - by giving experience in banking, marketing and retailing



Source: SEWA (Self-Employment Women's Association) India

Both SEWA and WWF are registered trade unions. But the vision of these unions is different from that of the traditional ones which mainly represent male workers in the organised sector. To date, WWF and SEWA have organised 85,000 and 30,000 women workers respectively in their unions, demonstrating that it is possible to give visibility to the hidden workers in the industrial sector. It is urgent that their achievements be critically appraised in order to explore their replicability elsewhere in Asia and in other parts of the world.

The role of national and international agencies

The collective strength of women workers can effectively be enhanced by committed help from national and international agencies.

On the governmental level, the assistance may come by providing

- preferential treatment to women's cooperatives in the procurement of goods and services
- child care facilities in the industrial estates
- greater access to technical and business skills to women
- resources to develop technology appropriate to women's ventures
- easier access for women to credit and finance

The international agencies can also strengthen the grassroots initiatives at local levels for women entrepreneurs. Women's World Banking, as a non-governmental organisation, has played a notable role in this.

The recent moves by the International Labour Organisation and the International Confederation of Free Trade Unions also warrant attention. There have been new initiatives in the International Labour Organisation

towards a convention on home-based workers; in preparation for that the ILO has funded a number of studies of legal protection of home-based workers [15]. The International Confederation of Trade Unions, likewise, is looking into the organisational experiences of women in the informal sector [16].

Finally, national and international agencies can play effective roles in tackling the disadvantages that make women less flexible a workforce in the organised sector. A close look at protective legislation shows that it discriminates not so much against women as against employers who employ women. The work done by women in the home ensures that workers can come to their jobs day after day, and also ensures the renewal of the labour force from generation to generation. All employers benefit from this work: why should some of them pay more for it? From the point of view of large scale production units, it makes sense not to employ women. To redress the situation, one solution which has been proposed by an Indian woman trade unionist, is that maternity benefits should be funded by a contributory scheme which could be extended to crèches as well. The employers' contribution would then be in proportion to the total number of workers, both men and women, whom they employ. In this situation, it would not be more expensive to employ women than men [17].

In summary, certain moves to eliminate gender discrimination in the conditions of work in the organised sector, coupled with measures to empower women in the informal sector, will pave the way to the desirable goal of 'formalising the informal sector'.

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