

## **Women in Micro Enterprise & Informal Sector**

### **Gender Equality & Economic Growth**

There is a strong empirical support for the claim that gender equality has a positive impact on economic growth. The relationship is most consistent with regard to education (the most widely studied) and employment (less frequently studied), holding for a variety of different countries and across differing time periods over the past half century. Before going in details let's have a look at definition of gender equality, EEO and Affirmative action.

### **Gender equality**

Gender equality, also known as sex equality or sexual equality or equality of the genders, implies that men and women should receive equal treatment, unless there is a sound biological reason for different treatment.

Gender equality is the measurable equal representation of women and men. Gender equality does not imply that women and men are the same, but that they have equal value and should be accorded equal treatment.

The United Nations regards gender equality as a human right. It points out that empowering women is also an indispensable tool for advancing development and reducing poverty.

Equal pay for equal work is one of the areas where gender equality is rarely seen. All too often women are paid less than men for doing the same work. Same is the case with Equal Employment Opportunities; Whereas Equal Employment Opportunity is a law to assist in the protection of employees from discrimination on the basis of sex, color, race and ethnicity etc.

**EQUAL employment opportunity (EEO)** is the assurance that all employment-related actions are based on objective, non-discriminatory criteria. State and federal laws and regulations prohibit employment discrimination on the basis of race, color, religion, national origin, citizenship, sex, age, disability, etc. Equal employment opportunity prohibits discrimination against anyone on any pretext. The EEO speaks of the equality of every human being while considering a candidate before, during and after employment. The EEO anti-discrimination protections apply to all of the terms and conditions of employment, including but not limited to recruitment and selection, promotions, testing, training and development opportunities, hiring, transfers, work assignments, discipline, compensation, discharge, performance evaluation, working environment and other conditions of service. Affirmative action is an effort to undo the unfair practices of the past in various organizations. It is a means to level the playing field for women, individuals with disabilities, underprivileged classes and minorities as a logical step towards equal employment.

Pakistan's law makes it obligatory for employers to follow EEO principles. Affirmative action, however, is expected to be implemented as a voluntary component of the EEO policy. The EEO does not, in any circumstance, mean that the managers should hire unqualified candidates in breach of merit. This is only a mechanism to avoid unfair practices and biases during employment process. In Pakistan there are many cases which show that women are discouraged from working. It is not considered good for them to go outside and work. Many

employers hesitate to hire women. In Pakistan, for every 100 men in the labor force, only about 21 women are economically active.

Pakistan's Constitution puts a ban on discrimination on the basis of sex in appointment in "the service in Pakistan", provided the performance and functions of the job can be carried out by, and is deemed suitable for, both sexes. The federal government introduced a new labor policy in 2002 empowering labor courts to order reinstatement of illegally dismissed workers or award reasonable compensation in lieu of reinstatement. The federal and provincial governments have also made legislation about the provision of two per cent quota for special (disabled) people in the employment in all departments.

### **Ways to promote gender equality**

- Awareness raising
- EEO
- Education also promotes equality
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### **Link in Women Empowerment & Reduction of Poverty**

It is apparent that not only does women's access to employment and education opportunities reduce the likelihood of household poverty but resources in women's hands have a range of positive outcomes for human capital and capabilities within the household (see, for instance, overview of this evidence in Quisumbing, 2003; WDR 2012; Kabeer, 2003; Dwyer and Bruce, 1988). Such findings suggest a strong instrumental rationale for ensuring women's participation in processes of growth: it will contribute to the inclusiveness of growth, not merely because women constitute 50% of the world's population, but also because women's access to economic resources improves distributional dynamics within the household.

Evidence on the converse relationship - that economic growth promotes gender equality - is far more mixed and indeed some of the fastest growing developing countries show the least signs of progress on basic gender equality outcomes. However, while economic growth on its own is not always sufficient to promote gender equality, the outcomes of growth appear to be far more positive where it is accompanied by an expansion in women's employment and education.

### **Empowerment**

**Empowerment** refers to increasing the economic, political, social, educational, gender, or spiritual strength of individuals and communities.

### **Women Empowerment**

Despite many international agreements affirming their human rights, women are still much more likely than men to be poor and illiterate. They usually have less access than men to medical care, property ownership, credit, training and employment. They are far less likely than men to be politically active and far more likely to be victims of domestic violence.

The ability of women to control decisions makings free of discrimination, coercion and violence—are promoted and protected, she has freedom to participate more fully and equally in society.

## **Economic benefits of women empowerment**

Most women across the globe rely on the informal work sector for an income. If women were empowered to do more and be more, the possibility for economic growth becomes apparent. Empowering women in developing countries is essential to reduce global poverty since women represent most of the world's poor population. Eliminating a significant part of a nation's work force on the sole basis of gender can have detrimental effects on the economy of that nation. In addition, female participation in counsels, groups, and businesses is seen to increase efficiency. For a general idea on how an empowered women can impact a situation monetarily, a study found that of fortune 500 companies, "those with more women board directors had significantly higher financial returns, including 53 percent higher returns on equity, 24 percent higher returns on sales and 67 percent higher returns on invested capital (OECD, 2008)." This study shows the impact women can have on the overall economic benefits of a company. If implemented on a global scale, the inclusion of women in the formal workforce (like a fortune 500 company) can increase the economic output of a nation. Therefore, women can also help businesses grow and economies prosper if they have, and if they are able to use, the right knowledge and skills in their employment.

## **Barriers to the empowerment of women**

Many of the barriers to women's empowerment and equity lie ingrained in cultural norms. Many women feel these pressures, while others have become accustomed to being treated inferior to men. Even if men, legislators, NGOs, etc. are aware of the benefits women's empowerment and participation can have, many are scared of disrupting the status quo and continue to let societal norms get in the way of development.

Research shows that the increasing access to the internet can also result in an increased exploitation of women. Releasing personal information on websites has put some women's personal safety at risk. In 2010, Working to Halt Online Abuse stated that 73% of women were victimized through such sites. Types of victimization include cyber stalking, harassment, online pornography, and flaming.

Recent studies also show that women face more barriers in the workplace than do men. Gender-related barriers involve sexual harassment; unfair hiring practices, career progression, and unequal pay where women are paid less than men are for performing the same job. Such barriers make it difficult for women to advance in their workplace or receive fair compensation for the work they provide.

## **Micro Enterprise**

A **micro-enterprise** (or **microenterprise**) is a type of small business, often registered, having five or fewer employees and requiring seed capital of not more than \$35,000. The term is often used in Australia to refer to a business with a single owner-operator, and having up to 20 employees. The European Union EU defines micro-enterprises as those that meet 2 of the following 3 criteria and have not failed to do so for at least 10 years:

- fewer than 10 employees

- balance sheet total below EUR 2 million
- turnover below EUR 2 million

The term *microenterprise* connotes different entities and sectors depending on the country.

Generally speaking,

- in *developed* countries, **microenterprises** comprise the smallest end (by size) of the small business sector, whereas
- in *developing* countries, **microenterprises** comprise the vast majority of the small business sector—a result of the relative lack of formal sector jobs available for the poor. These microentrepreneurs operate microenterprises not by choice, but out of necessity.

Microenterprises add value to a country's economy by creating jobs, enhancing income, strengthening purchasing' power, lowering costs and adding business convenience

Because microenterprises typically have little to no access to the commercial banking sector, they often rely on "micro-loans" or microcredit in order to be financed. Microfinance institutions often finance these small loans, particularly in the Third World. Those who found microenterprises are usually referred to as entrepreneurs.

The terms microenterprise and **micro-business** have the same meaning, though traditionally when referring to a small business financed by microcredit the term microenterprise is used. Similarly when referring to a small, usually legal business that isn't financed by microcredit, the term micro-business is used.

### **Micro, small and medium-sized enterprises**

Micro, small and medium-sized enterprises are defined according to their staff headcount and turnover or annual balance-sheet total.

A medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance-sheet total does not exceed EUR 43 million.

A small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million.

A microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

### **Microenterprises in developing countries**

In developing countries, microenterprises comprise the vast majority of the small business sector—a result of the relative lack of formal sector jobs available for the poor. Microenterprises in developing countries, then, tend to be the most frequent form/size of business. As explained by Aneel Karnani (2007) most microcredit clients are not micro-entrepreneurs by choice. They would gladly take a factory job at reasonable wages if it were available. We should not romanticize the idea of the “poor as entrepreneurs.” The International Labor Organization (ILO) uses a more appropriate term for these people: “own-account workers.”

**Women's work or woman's work** is a term used particularly in the West to indicate work that is believed to be exclusively the domain of women and associates particular tasks with the female gender. It is particularly used with regard to work that a mother or wife will perform within a family and household. Related concepts include gender role, wage labor and employment, female workforce, and women's rights. The term may be pejorative, when applied to men performing roles which are largely designated for women.

The term "women's work" may indicate a role with children as defined by nature in that only women are biologically capable of performing them: pregnancy, childbirth, and breastfeeding. It may also refer to professions that involve these functions: midwife and wet nurse. "Women's work" may also refer to roles in raising children particularly within the home: diaper changing and related hygiene, toilet training, bathing, clothing, feeding, monitoring, and education with regard to personal care. It may also refer to professions that include these functions such as that of: teacher (up to the age of puberty), governess, nanny, day care worker, and au pair. "Women's work" may also refer to roles related to housekeeping such as: cooking, sewing, ironing, and cleaning. It may also refer to professions that include these functions such as: maid and cook. Though much of "women's work" is indoors, some is outdoors such as: fetching water, grocery shopping or food foraging, and gardening.

By contrast, "men's work" involves the usage of strength or work outdoors; mechanical, electrical or electronic knowledge and skill; employment ("bread-winning", "bringing home the bacon"); most dealings with money; or higher reasoning to perform tasks. Among some people, men's work is considered to be the opposite of "women's work" and thus does not include activities within the home or with children, though "men's work" traditionally includes work that involves both (such as repairing appliances and disciplining children).

Home workers or home workers are defined by the International Labor Organization as people working from their homes or from other premises of their choosing other than the workplace, for payment, which results of a product or service specified by the employer. There are an estimated 300 million home workers in the world though because these workers generally function in the informal economy, and are seldom registered and often not contracted, exact numbers are difficult to come by. Recently, the phenomenon of homework has grown with increased communication technology, as well as changes in supply chains, particularly the development of Just in Time inventory systems.

Home workers differ from entrepreneurs, or self-employed, or family business, in that they are hired by companies for specific activities or services to be done from their homes. Home workers do not own or operate the business they work for. Though there is a significant body of highly skilled home workers, particularly in information technology, most home workers are considered low skilled labor. Recently, working conditions have worsened for home workers, and they are becoming a point of concern for international development organizations and non-governmental organizations

## **Entrepreneurship**

**Entrepreneurship** is a process of identifying and starting a business venture, sourcing and organizing the required resources and taking both the risks and rewards associated with the venture.

"Entrepreneurship" may result in new organizations or revitalize mature organizations in response to a perceived business opportunity. A new business started by an entrepreneur is referred to as a startup company. In recent years, the term has been extended to include social and political forms of entrepreneurial activity.

Entrepreneurship within a firm or large organization has been referred to as intra-preneurship and may include corporate ventures where large entities spin off subsidiary organizations.

According to Paul Reynolds, by the time they reach their retirement years, half of all working men in the United States probably have a period of self-employment of one or more years; one in four may have engaged in self-employment for six or more years. Participating in a new business creation is a common activity among U.S. workers over the course of their careers. In recent years entrepreneurship has been documented by scholars such as Audretsch as a major driver of economic growth in both the United States and Western Europe. "As well, entrepreneurship may be defined as the pursuit of opportunity without regard to resources currently controlled (Stevenson, 1983).

Entrepreneurial activities differ substantially depending on the type of organization and creativity involved. Entrepreneurship ranges in scale from solo projects, and even just part-time projects, to major undertakings that create many job opportunities. Many "high value" entrepreneurial ventures seek venture capital or angel funding (seed money) in order to raise capital for building the business. Angel investors generally seek annualized returns of 20–30% and more, as well as extensive involvement in the business. Many organizations exist to support would-be entrepreneurs including specialized government agencies, business incubators, science parks, and some NGOs. More recently, the term entrepreneurship has been extended to include conceptualizations of entrepreneurship as a specific mindset resulting in entrepreneurial initiatives e.g. in the form of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship.

Since 2008, an annual "Global Entrepreneurship Week" has been announced, with the aim of "exposing people to the benefits of entrepreneurship" and getting them to "participate in entrepreneurial-related activities".