



Valuing Informality: Implications for policy and research

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Who Values Informal Work?

Spurred by the global coverage of the health and economic effects of the covid-19 pandemic, recent months have seen an increase in attention to informal workers in both policy and media discourses. Some of these narratives have been positive, recognising the essential nature of informal work in care or waste management sectors during the crisis. There has also been, however, a rise in moral panics about the “unhygienic” nature of informal work, with informal workers being singled out as potential vectors of the virus. The discourses around informality have significant real-life consequences, leading to, on the one hand, attacks on and extortion of informal vendors, as well as and on the other hand, state attempts to provide targeted relief.

Some of these negative narratives are not limited to moral panics common to broadsheet newspapers but build on long histories of superficial and dismissive approaches to informal work in policy circles. Critically, and in line with this history of negative discourse, these negative views misrepresent what informal employment actually looks like. They frequently neglect to recognise the significant diversity between different sectors in the informal economy and country contexts, as well as the ways in which informal work often overlaps with other dimensions of political, economic, and social marginality.

One of the drivers of persistent misrepresentation of informality has been that informal work often remains invisible to analysts and policymakers. Indeed, the value of informal work is not captured within national economic assessments¹. As noted by the ILO (2012), “Measurement of gross domestic product and employment can be grossly underestimated if informal activities are not taken into consideration”, with wide-reaching implications, including for poverty and environmental assessments. While countries have increasingly attempted to measure informal employment as a share of gross domestic product, it often remains a “black box” within national indicators².

Critically, and likely as a consequence of some of these wider discourses, informal workers themselves often do not recognize the value of their work and contribution to the economy. In our work at the Self-Employed Women’s Association (SEWA) and the International Centre for Tax and Development (ICTD), we have often seen informal workers—and particularly women—use language that devalues their contribution to both their own households and the national economy. Women for the most part do not even see themselves as workers, even while shouldering a significant share of household and national economic activities. For instance, female agricultural workers who work on family land frequently identify themselves as housewives even though the majority of non-harvesting activities are borne by them alongside all livestock care and business. Home-based workers who bring in close to 40% of the family income through their trade often do not acknowledge their contribution to the supply chain, which is compounded by the official lack of recognition of home-based work as a trade.

Even when individuals do acknowledge their role as workers, they discount their own agency and entrepreneurial ability. For instance, informal workers may describe their businesses as something they do just to survive, but not a “real” business. A vegetable vendor who owns their own cart, manages stock and supply, decides pricing and markets, hires employees to support them, and turns in a profit that allows them to scale up and buy another cart on a business loan

¹ There is an obvious parallel in thinking about the lack of value given to unpaid domestic work. As is receiving increasing popular attention, the exclusion of unpaid household services from GDP measurement reflects underlying biases in dominant economic theory and practice (see e.g. DeRock 2019), with clearly gendered implications. In India, women spend almost six hours a day managing the home, relative to only 52 minutes for men (OECD n.d.)—though the fact that this data has not been updated since 1999 also reflects an underlying issue in the invisibility of and value given to both unpaid and informal work.

² [Charmes 2000](#)

with their existing cart as collateral is a “nano” business according to official definitions. Critically, though such vendors often see themselves as subsistence workers rather than entrepreneurs. The lack of recognition and respect given to informal work is therefore pervasive shaping international and national policy discourse, but also embedding itself in the mindsets of workers themselves.

Policy implications:

This regular lack of valuation of informal work has key implications for how policymakers engage with and recognise informal workers—and consequently about 60% of the global labour force³. First, the lack of detailed knowledge about informal work and the prevalence of broad stereotypes means that broad reform processes often miscalculate the effects of policy choices on informal workers, further threatening already marginal livelihoods or leading to unintended results after their implementation. During demonetisation in India for example, the cash economy that undergirded the informal economy and micro and small enterprises was devastated, wiping out years of economic gain. The reliance on formal financial institutions for much of monetary policy implementation is another arena where the informal economy is neglected due to the high proportion of them lacking access to financial services, with women being particularly excluded.

Second, where informal work is invisible or stigmatized, policymakers may design programs that only apply to, or prioritize, “formal” workers. This may be the result of policymakers relying on pre-existing relationships and mediators between states and businesses, such as tax and business registers or chambers of commerce. This has been true in normal times but is being amplified in the time of the pandemic, where a range of popular relief efforts, such as tax delays and assisted furlough schemes, are specifically targeting formal businesses and workers⁴.

Third, the lack of valuation of informality and systematic data collection in the informal economy often leads policies to systematically discriminate against groups that are overrepresented in the informal sector, including women, migrant populations, and ethnic

³ ILO 2018

⁴ [Gallien and van den Boogaard 2020](#)

minorities⁵. Migrant women are for instance not included in migration counts in India, as they are considered to be trailing either a father or a husband. Efforts to alleviate the concerns of migrant populations therefore neglect half the population.

Implications for doing research and advocacy in this space:

Policy gaps are at least in some part related to the lack of information about informality and the challenges of conducting research in this area. At the same time, however, the lack of valuation of informal work among workers themselves presents particular challenges for doing research on informal employment and advocacy with informal workers.

The first major challenge for research is in identifying informal workers. For example, researchers may use language that describes informal employment in a way does not coincide with how informal workers view themselves and their work. For example, female informal workers are often particularly reluctant to identify their own businesses as such, particularly where businesses operated at a small-scale inside the home. In such instances—such as where women sell drinks from a freezer or home-made snacks from their verandah—research participants were unlikely to identify their income as relevant to the research or a broader discussion of household well-being. SEWA makes it a point to recognise the work of female informal workers as small businesses which make a valid contribution to income and livelihood instead of not “real work” as mentioned earlier. The aforementioned challenge of identifying informal workers due to non-acknowledgement of self as a worker is tackled in research in SEWA through inquiring about their trade in several ways and asking questions about multiple facets of the trade to acquire a realistic inference of what their business is and other related details about the business. It is a process that requires nuance and effort on the part of the researcher.

There is also a challenge in engaging with informal workers in discussions about their rights and entitlements within society. If informal workers do not view their own businesses as “real” or legitimate, it is possible that they may not feel entitled to the benefits and protections offered

⁵ [How a pyramid sketch redefined the informal economy, WIEGO 2020](#)

to formal workers. Women construction workers for instance are less likely to be registered with construction welfare boards, thus reducing their chances of accessing the benefits that are won by them. Street vendors who do not recognise themselves to be microentrepreneurs may not be able to access small business loans they are eligible for.

The importance of consultative research on the informal economy:

Given the importance of research to informing policy discussions and emphasizing the value of informal employment, we suggest a few ways forward in approaching the challenges to engaging in research and advocacy in this area. First, it is particularly important for policymakers to rapidly collect data on the informal economy and to integrate this information within a holistic view of the economy and the effects of the current crisis. As noted, where policymakers do not have appropriate data about the effects of the Covid-19 crisis on informal workers presents particular risks that relief efforts will overlook them, further marginalize them, and exacerbate inequalities among sub-populations. Independently and with various partners, SEWA is working to counteract these negative outcomes. Since the very start of the crisis, the organisation has worked to rapidly collect data about informal workers, drawing attention to how they have been affected by the crisis and how various forms of relief may be delivered to most effectively address their most pressing needs.

In doing so, there is a strong need to work closely with partners on the ground and to involve informal workers and communities in research processes. This is important to address not only the challenges of identifying research participants and issues, but to ensure that the research is making a theoretical contribution, while being relevant for informal communities. In this regard, we embrace models of participatory or consultative research processes [increasingly adopted](#) by scholars across a variety of disciplines (see e.g. Maclean 2013). Indeed, SEWA strives to place informal workers at the centre of all its research. Every research study is conducted with the ultimate aim of increasing visibility and generating advocacy for the workers.

Additionally, there is a need to recognise the heterogeneity of informality at every stage of the research and advocacy processes. Rather than embracing broad statements about the informal

economy, efforts should be made to understand its diversity in order to have the greatest impact for informal workers—and particularly the most vulnerable. Owing to its presence in numerous states across India, SEWA recognises that a homogeneous struggle is not inclusive. Differences that come with variance in regions, languages, trades, state policies, and levels of marginalisation are acknowledged, and research and advocacy is tailored to reflect this.