

# DETERMINANTS OF GENDER EARNINGS DIFFERENTIALS IN THE INFORMAL SET UP

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## Abstract

*The rapid and comprehensive economic reforms that Kenya has undertaken have led to changes in the employment situation, with respect to increased participation of women in the labour force and the rise of unemployment, especially among the youth. The increased participation of women in the labour force is mainly due to the opening up of opportunities occasioned by the improved access of women to education. This has seen participation rates rise for urban women from 30 percent in the early eighties to over 56 percent currently.*

*However, women's employment is still characterised by low productivity, low pay and long hours of work. This situation is even worse in the rural set up where the rural women still spend a disproportionate amount of their time on unpaid work, limiting their access to income earning opportunities. They also have a limited role in formal employment, while off-farm work often compromises their traditional roles. In addition, women are disproportionately represented in the informal sector. The major factors fronted for this situation include imbalances in training and access; retrogressive cultural practices which bar women from taking up positions in certain spheres of employment and lack of a supportive legal framework. Attempts to raise the level of quality participation of women in the labour force have been unsuccessful due to inadequate skills and other social cultural factors (Republic of Kenya, 2002). The upshot is that average earnings for women are less than half those of men. (Republic of Kenya, 1997). This suggests that men are favoured by all these factors above, guaranteeing them higher earnings than women.*

*This paper will therefore seek to identify the major hindrances to women's participation in labour force in the informal rural set up and more so, the extent to which training, culture and the current legal framework have contributed to dismal participation of women in the gainful employment thereby dismal earnings. This will be achieved through collection of the available secondary data to be supplemented with information primarily obtained from the relevant sources. Simple descriptive statistics will be used to analyze the data. The paper proposes remedies that will enhance women participation so as to step up their earnings.*

## Introduction

The rapid and comprehensive economic reforms that Kenya has undertaken have led to changes in the employment situation, with respect to increased participation of women in the labour force and the rise of employment, especially among the youth. The increased participation of women in the labour force is mainly due to the opening up of opportunities occasioned by the improved access of women to education. This conforms to the sentiments of (Moser and Holland, 1997) that the level of education determines women's earnings in both the formal and informal sectors. Access to education has led to the rise of participation rates for urban women from 30% in the early eighties to over 56 percent currently.

However, women's employment is still characterized by low productivity, low pay and long hours of work. This has been the case regardless of the increase in participation of women in the labour force and increased access to education and training opportunities. The increase in the level of participation has not been matched with changes in the level of productivity, earnings and the number of hours worked. Furthermore, the participation of women in the modern sector wage employment is still under 30% (Republic of Kenya, 2002a).

The following table gives an analysis of gender occupation discrepancies;

**Table 1: Gender Occupation Discrepancies**

OCCUPATION	WOMEN ('000)	MEN ('000)	TOTAL ('000)
Unpaid Family workers	1,9191.54	856.83	2,776.37
Commercial Farmer	122.03	142.18	264.21
Subsistence Farmer	2,895.74	1,760.73	4,656.47
Unskilled Private Worker	437.34	800.47	1,232.81
Business Person	454.28	480.69	934.97

*Source: Welfare Monitoring Survey, 1994*

As table 1 shows, rural women in unpaid family worker were more than double the figure of men. In this case, 69% of women were classified as unpaid family workers and 62% in subsistence farming which is largely non-income generating. However, men in commercial farming were more than the number of women, another case of disproportionate representation of women in income earning opportunities. In addition, more men were in business than the number of women.

The following table shows the difference in earnings between men and women household heads in 1994;

**Table 2: Mean Monthly Incomes by Household Heads in Kenya**

	WOMEN	MEN	TOTAL
Nairobi	4,213.5	14,973.6	19,187.1
Coast	2,895.8	4,610.7	7,506.5
Rift Valley	3,005.7	5,062.4	8,068.1
Central	2,049.4	3,249.0	5,298.4
Eastern	2,095.8	2,711.8	4,807.6
Western	1,664.2	3,309.2	4,973.1
Nyanza	2,541.1	4,672.0	7,213.1
North Eastern	1,849.1	3,080.0	4,929.1
<b>NATIONAL</b>	<b>2,302.2</b>	<b>5,149.4</b>	<b>7,511.6</b>

*Source: Republic of Kenya (1994) Welfare Monitoring Survey. Nairobi: Government Printer*

As shown by table 2, men earn higher average incomes than women in all the provinces in Kenya and on the National level. This shows that across the whole nation, on average, women earn less than their male counterparts. According to Republic of Kenya, (2002b), men have more skills than women, both in private and public enterprises explaining why the modern sector employment for men have been slightly higher than that of women. On the national level, women in paid employment earn an average of Kshs. 5752 compared to their male counterparts who earn a mean monthly income of Kshs. 8440.

The situation is even worse in the rural set up where the rural women still spend a disproportionate amount of their employment on unpaid work, limiting their access to income earning opportunities. These duties include family responsibilities such as pregnancies and taking care of their children (Moser and Holland, 1994). Domestic violence also contributes to this phenomenon since victims have to nurse injuries which limits their participation in incomegenerating activities (Miranda, 1994).

Women also have a limited role in formal employment, while off-farm work often compromises their traditional roles. In the rural areas, women spend more time in off farm wage employment than men do (Ongile, 1994). This situation is compounded by the traditional and cultural practices governing land and livestock ownership, access and control over resources and benefits accruing from agricultural production, which severely limit their capacity for increasing agricultural production. Traditional and social practices deny women the right to own property, which limits their capability to access credit agricultural inputs, marketing outlets and opportunities arising from membership of co-operatives. This is in spite of the fact that women head 38% of agricultural operations in Kenya, which is an improvement from 29.5% in 2000 (Republic of Kenya, 2001; Republic of Kenya, 2002 and Center for gender Studies, 2003). Even in situations where women participate in income generating activities like growing of cash crops, the proceeds accrue to the family heads and women have no control over such proceeds (Kibwana, 1996).

The major factors fronted for the dismal participation of women includes imbalances in training and access; retrogressive cultural practices which bar women from taking up positions in certain spheres of employment and lack of a supportive legal framework. Attempts to raise the level of quality participation of women in the labour force have been relatively unsuccessful due to inadequate skills and other socio-cultural practices, Republic of Kenya (2002a). The upshot is that average earnings for women are less than half those of men, Republic of Kenya (1997). This suggests that men are favoured by all the factors above, guaranteeing them higher earnings than women. In addition, women are disproportionately represented in the informal sector, especially in terms of earnings.

**Table 3: Gender Analysis of Participants in Informal Sector Enterprises in Kenya, 1999**

ACTIVITY	PERCENTAGE FEMALE EMPLOYMENT	PERCENTAGE MALE EMPLOYMENT
Retail trade	77.8	47.7
Restaurant, Bars	15.6	12.5
Manufacturing	5.3	19.1
Construction and transport	0.0	1.5
Community, social and personal Services	1.3	19.2
<b>TOTAL</b>	<b>100</b>	<b>100</b>

Source: Central Bureau of Statistics, Republic of Kenya

As table 3 shows, women participation in the informal sector is highly disadvantaged compared to their male counterparts. More women are engaged in the informal retail trade, which is highly prone to profitability, legal, and infrastructural challenges which threaten their survival as compared to manufacturing where more men are engaged. Furthermore, more women than men are engaged in indecent trades such as bar operations, which further jeopardize their position in terms of their well being. Men have also dominated in the provision of community, social and personal services as income generating activities where women are expected to play traditional roles freely.

**Table 4: Structure of the Labour Force, 1999**

ACTIVITY	WOMEN	MEN	TOTAL
Agriculture	4,173,071	3,503,515	7,676,586
Industries	143,069	703,362	846,431
Trade	539,586	613,645	1,153,231
Services	2,000,045	1,165,213	3,165,358
<b>TOTAL</b>	<b>6,855,871</b>	<b>5,985,735</b>	<b>12,841,606</b>

Source: National MSE Baseline Survey, 1999

As table 4 shows, more women than men were in majority of the Medium and Small scale Enterprises (MSEs). This is especially in agriculture and services sub-sectors. This has implications in the earnings of the women in the MSEs because agriculture based MSEs do not earn as much as industrial based ones. In this case, there is a case of dismal earnings even in the informal sector, relative to the earnings of men.

It is estimated that 80% of women live in rural areas and that majority of them are engaged in farming of food and cash crops. A substantial percent of the women labour force is concentrated in the rural smallholder agriculture and urban informal sectors. In addition, 96% of the women from rural households is used up on small holder agriculture. The agricultural sector has not been performing satisfactorily so as to absorb the labour force in the rural areas, hence dismal earnings by the rural labour force (ILO, 1995). Sessional Paper No. 2 of 1986 on Renewed Economic Growth for Sustainable Development underscores the commitment by the government in promoting the informal sector so as to create jobs in the informal sector. This is as a realisation that micro and small enterprises were avenues of job creation and for raising incomes. This was to be achieved through provision of the necessary infrastructure required to enhance the proliferation of the *Jua Kali* sector.

67 percent of the rural households depend on the informal sector enterprises for their household income. Men-owned Enterprises are significantly larger (2.6 workers) compared to women owned ones (1.6 workers) (Republic of Kenya, 1999). In addition, workers in women led enterprises generally have less level of training and that the businesses are less likely to have security of tenure, therefore the incentive to have their businesses located in their homes. Women also engage in businesses considered illegitimate by the government under the local authorities Act, for example vegetable/ food selling and are mostly unlicensed. Furthermore, they have no specific location, which puts them in trouble with the local authorities. Such enterprises also provide a lower share of income compared to men-owned ones. Women tend to concentrate on activities within the centers which generates low incomes (ILO, 1991). All these factors contribute to the dismal performance of MSEs owned or managed by women. This is as presented by the following table;

**Table 5: Average Monthly Earnings of MSE Entrepreneurs (Kshs)**

ACTIVITY/SUB-SECTOR	WOMEN	MEN	AVERAGE
Manufacturing	3,634	5,507	4,869
Trade	3,455	5,519	4,370
Services	12,872	17,523	15,730
<b>MEAN</b>	<b>4,344</b>	<b>7,627</b>	<b>6,008</b>

Source: National baseline Survey in Kenya, 1999

As shown by table 5, there is a substantial difference in the earnings of MSEs operated by men in comparison to those managed by women. The discrepancy is largest in the service sub-sector, which is unfortunate because (as shown in table 4) there are over 2 million women, compared to only 1.17 million men. This shows that women's increased participation in the informal sector is still not matched by increase in their earnings, not only in the formal, but also in the informal sector.

## Education

Education may not be a major factor when it comes to the participation of women in income earning opportunities. This is so because of increased access to education and training opportunities. However, although school enrollment at primary level for girls and boys are at par, disparities have been increasing at secondary and higher educational levels due to female dropout rates attributed to social-cultural and economic factors. As shown by table 6, admission of women to various institutions is almost the same as that of men:

**Table 6: School Enrolment Learning Institutions by Gender**

INSTITUTION	YEAR	MALES	FEMALES	TOTAL
PRIMARY	1995	2,802,305	2,734,091	5,536,396
	1996	2,843,355	2,754,301	5,597,656
	1997	2,933,982	2,830,873	5,764,855
	1998	2,994,554	2,925,167	5,919,721
SECONDARY	1997	363,845	323,625	687,473
	1998	373,440	327,098	700,538
	1999	194,821	198,908	393,729
	2000	350,317	310,598	660,915
TEACHER TRAINING COLLEGES	1996	10,226	9,673	19,899
	1997	10,226	9,673	19,899
	1998	5,392	4,997	10,389
	1999	7,230	7,689	14,919
	2000	7,789	7,857	15,646
	2001	8,861	7,718	16,979

Source: Ministry of Education, Science and Technology

## Legal Framework and Regulatory Framework

The law is the principle instrument that the government can use to implement reforms, such as the empowerment of women. There are certain sections of the constitution of Kenya that tend to disfavour women in terms of property ownership/ rights. Examples of such include;

- The registered Land Act which discriminates against women who work and buy land, registering it in their spouse's name. This implies that the land absolutely belongs to the spouse and the women may not use the land to access credit;
- Employment Act (1997) restricts employment of women between 6.30 p.m. and 6.30a.m. in industries and underground work in a mine;

## Interventions by the government and other stakeholders

As a show of commitment by the government to the promotion of women's well being, Kenya is a member of a number of international conventions. They include the 1984 Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), Nairobi Forward Looking Strategies (NFLS) for the advancement of women and the 1995, Beijing Declaration and the Platform for Action (Republic of Kenya, 2002b).

The government also established a Women's Bureau in the Ministry of Culture and Social Services in 1976 so as to cater for the advancement of Women's affairs in Kenya (Republic of Kenya, 1993). This is aimed at facilitating improvement of efficiency in resource allocation and utilization so as to empower women. The newly elected NARC government has also established a Ministry of Gender, Sports and Culture, which is charged with the responsibility of gender issues among others.

There are also local and international Non-governmental Organisations (NGOs) involved in the empowerment of women in Kenya. They include FIDA-Kenya, KWPC, AAWORD and Oxfam among others (Kibwana, 1996). Some NGOs are involved in leadership, income generating and entrepreneurial skills training among women, for example, CARE-Kenya. In addition, CARE-Kenya offers credit and business management skills to women groups in Kenya under a revolving fund scheme. Follow up is also done by the staff so as to offer technical assistance and monitoring of the loan scheme (CARE-Kenya, 1991). Kenya Women Finance Trust (KWFT) also provides credit to women groups and offers training to small-scale women entrepreneurs in small business management. According to Macharia (2003), credit enhances the performance of women-operated MSEs to compete favourably with those operated by men.

## Hindrances to the Performance of the informal sector

There are various hindrances to women's participation in the labour force in the informal rural set up. Further, training, culture and the current legal framework have contributed to dismal participation of women in gainful employment, thereby dismal earnings. According to Ongile (1994), women in the informal sector enterprises are faced with various problems in their attempts to earn a living. Such constraints include:

- Lack of access to resources;
- Poor investment patterns;
- Time and mobility constraints related to domestic responsibilities;
- Less involvement in diversified activities;
- Illiteracy;
- Lack of numeracy and time saving technologies;
- Poor management; and
- By-laws, Employment Act and Succession Act which are not conducive to women's empowerment.

According to Aleke-Dondo (1994), credit related constraints could be attributed to the financial market infrastructure problems and inconsistencies. They include:

- Inconsistencies in government policies where political considerations supercedes the acceptance of the informal sector as an avenue of income and output generation;
- Unmet credit needs within the informal sector enterprises due to inadequate Microfinance Institutions' (MFIs) capacity. This is the case although a number of credit providing MFIs have emerged;
- Lack of instruments and differentiation. The financial market does not recognize the different needs of the informal sector enterprises in their different stages of development, different locations and different activities. The Small and Medium Scale Enterprises (SMEs) sector is highly discriminated by the financial market regarding credit guarantee scheme, equity and leasing arrangements, working relationship between it, the financial institutions and NGOs.. All these indicate that the Microfinance sector is still in its infancy stage;

- Low commercial banks participation and responsibilities whereby very few of them are involved or show the interest of working with the informal sector which is evident in the conditions put on loans' acquisition;
- Sustainability of lending programmes where most MFIs are dependent on donor funding or the government;
- Performance of the NGO sector where they are torn between provision of social welfare and microfinancing of SMEs, goals which are irreconcilable; and
- Lack of extension/ training services among the rural folk.

## Women and Women Groups

There are several women groups in the country, formed to forge for the social and economic advancement of women. Mostly, a number of women organize themselves, form a group, which becomes or operates like one person. In many cases, group-run businesses by women often end up collapsing. This is attributed to the fact that it is difficult for a group to become cohesive enough to successfully run an enterprise. This occurs due to diversion of interest in the process of running the enterprise; after its inception. Some members of the group develop enthusiasm. This is later on mistaken and misinterpreted by some of the members in the group. The enthusiasm fades, with some members dissociating themselves from the entrepreneurship leading to the business becoming nobody's business. This becomes the beginning of the end of the business.

Solidarity in the group, which is very important to the success of the enterprise lacks, and eventually, collapses. This is because the characteristics of an entrepreneur lack in the group. There is resistance to discussions and new ideas, lack of commitment to solve problems, maintenance of socio-cultural beliefs and traditions, discussions dominated by one member or a small group and lack of clear objectives. Educational and status differences within the members of the group become significant, and are eventually, a factor that works to the downfall of the group. Moreover, age, skills, technology and information become hurdles to the success of the group. Contributing factors to the downfall of the group include:

- Lack of finance
- Lack of leadership skills
- Lack of access to resources
- Lack of market due to poor infrastructure

## Conclusion

Although the contribution of various segments of the population in social and economic development of our country is recognized, there exists various gender disparities especially where women are concerned. Low levels of education attainment by women, coupled with retrogressive social-cultural practices have resulted in low participation and representation of women in decision-making positions and lack of access to economic opportunities. Women are also exposed to some forms of exploitation, discrimination, violence and harassment. Furthermore, women face harmful cultural practices such as genital mutilation, forced and early marriages and food taboos among others. The traditional gender roles over-burden the girl child thus limiting her opportunities for social and economic development.

## Policy Recommendations

The elimination of the gender imbalances especially in the economic well being is not only a government's burden but should be a collective responsibility of all stakeholders to include the victims and the society as a whole.

The government's roles would be to;

- ensure the elimination of gender imbalances in all levels of education as a key priority in addressing gender biases throughout the society,

- ensure operationalization of the National Policy on Gender and Development which seeks to offer both men and women the right placements in all spheres of life (Economically, socially and politically),
- initiate and strengthen the existing gender interventions with an explicit focus on poverty,
- ensure a strong and conducive legal framework that seeks to recognise women especially in terms of property ownership and other rights of the girl child that the traditions have completely over-shadowed,
- offer gender training for key actors at all levels to enhance systematic gender mainstreaming in development policies, programmes and budgeting and
- Enhance women's accessibility to finance or credit sources so as to enhance the performance of their businesses through relaxation of the existing rules and regulations regarding banks and development finance institutions.

## Abstract

Women on the other hand have several roles to play, such as;

- Seek formal training in the management of groups to eliminate management related problems for it is through such women groups that would give them legal ownership of property,
- Try and relax their embracing of retrogressive cultural practices and instead, adopt civilized societal norms and practices.

Other stakeholders also have roles to play, which include;

- Activist groups and Non -Governmental Organisations should sensitize women on their rights to help them overcome the traditional rigidities that have been responsible for the women's poor performance and
- men should recognise women's efforts and match them with the relevant rewards in regard to their role in family income earning capacities.

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