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Women Participation in Informal Sector and Poverty Reduction in Bushenyi District Local Council of Uganda

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ABSTRACT

This study examines informal sector and poverty reduction in Bushenyi local council of Uganda. The study was guided by correlational research design which was used to establish the relationship between women participation in informal sector and poverty reduction in Bushenyi district local council. The study participants were 98, which comprises food vendors, ward executive officers, microfinance bank staff and district council officers. Findings revealed that there is a significant relationship between women participation in informal sector and poverty reduction in Bushenyi district local council. On the basis of the findings, the researcher calls for policy-makers to collaborate with women in the informal part of the economy in order to accelerate national development and improve the position of women in the country. More so, an approach that can remove women's legal and socioeconomic constraints should be comprehensively taken, and an action plans nationally designed with various women groups in broad consultation.

Keywords: Informal sector, Legal constraints, Poverty reduction, Socioeconomic constraints, Women participation

INTRODUCTION

The informal sector participation of women is as a result of the current economic hardship and global recession in developing countries. Women are now, more than before, put under spiking pressure to make contributions to household incomes. This is evidential in households where husbands lost their jobs in the formal sector due to cuts in government spending, privatization of public enterprises, and rationalization [1]. This swelled up the number of entrants to the informal sector because of unemployment arisen from such job losses, people that want to augment their regular incomes with part-time employment. In the informal economic activities, goods and services are exchanged between people that are not within the formal and normal businesses [2]. Although developing countries are often associated with the informal economy, virtually all the economic systems involve an informal economy to some extent. Akintoye [3] observes that though the informal sector is largely unregulated, they are legal. The World Bank, in their report, estimated that 41% of countries in developing countries are in the informal section, 38% in transition countries, and 18% in OECD countries. Instructively, women contain majority of workers in the informal sector. Gendered effects are felt in the developments and policies affecting the informal economy. Economic Commission for Africa argues that 46% of female workers in developing countries are employed in the informal sector [4]. This shows that the informal sector is a safe haven with the contraction of formal sector jobs, for both women and men as a result its ease entry and low capital requirements. Women, sadly, lack significant access to land, education, credit technology, and other critical resources. Thus, women, more often than not, are often inhibited in the formal sector employment. Akintoye [3] noted that groups excluded in limited employment in the formal sector are provided with employment opportunities in the informal sector. The Economic Commission for Africa affirms that the informal sector is indisputably next to the agricultural sector, and the sector in most African countries is the largest employer of women [4]. It was estimated by the international Labour Organization that 19.5 million Sub-Saharan African women are meaningfully engaged in the informal sector in 2005 alone [5]. The government mostly does not monitor nor tax the economic activities in the informal sector unlike the former sector despite them being part of the economy or included in any gross national product (GNP). Roughly 60% of the potential working population in the developing countries earn their living

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through the informal sector. Most of the people that are not engaged in the formal sector and self-employed or not engaged in the former sector are given succor of earning a living in the informal sector. It is pertinent to note that it is not the choice nor wish of the people to be employed in the informal sector, it is rather their lack of opportunity to be employed in the formal sector [6]. Women in Uganda, generally lack significant participation in the formal sector. Most of such women take up self-employment opportunities in the informal sector despite the hostile environment such women mostly operate in and government's inability to recognize them on the cause of public policies. They are most often harassed by law-enforcement agents because they are seeing as illegal traders. These women even lack encouraging access to critical resources, working capital and start-up such as technology and credit. This necessitated the present study that examines women participation in informal sector and poverty reduction in Bushenyi local district of Uganda.

LITERATURE REVIEW

Women participation and income generation

The need to involve women in the planning stage, in decision making in addition to implementation of projects cannot be overemphasized. Nevertheless, various studies on rural women in Tanzania indicate women's low social, economic and political participation at all level [7]. It has been observed in almost all parts in Uganda that women participate less in various economic activities than men. A case study done in Mbarara Municipal identified main constraints as men's negative attitude towards women which demonstrated by the fact that female heads of households participated in economic activities more than married women [8].

The program for women and children in Uganda (CSPD) financed by UNICEF (T) under the project of income generation in poor household has showed greater achievements in enhancing women participation in economic activities. Despite achievements made in women's income generating activities in this project, several constraints have been identifying such as low level of management and organization abilities, illiteracy is another stumbling block which confronts many women groups, and some of the women members are unable to see the relationship between their activities and the improvements and wellbeing of their children [5].

The level of poverty reduction

Much of the literature on poverty now suggests that the economic system is structured in such a way that poor people fall behind regardless of how competent they may be. Partly the problem is the fact that minimum wages do not allow single mothers or their families to be economically self-sufficient [9]. "The problem of the working poor is increasingly seen as a wage problem linked to structural barriers preventing poor families from getting better jobs, complicated by limited numbers of jobs near workers and lack of growth in sectors supporting lower skilled jobs [10]. Interestingly research is showing that the availability of jobs to low-income people is about the same as it has been, but wages workers can expect from these jobs have fallen. Fringe benefits including health care and promotions have also become scarce for low skilled workers. These and related economic changes documented by Makombe [11] show the way the system has created increasingly difficult problems for those who want to work.

Majid [12] says that "since enhance capabilities in leading a life would tend, typically, to expand a person's ability to be more productive and earn a higher income, we would also expect a connection going from capability improvement to greater earning power and not only the other way round. Recently, the definition of poverty has been further broadened. New definitions incorporate problems of self-esteem, vulnerability to internal and external risks, and exclusion from the development process and lack of social capital. The new additions to the definition of poverty capture the qualitative aspect of social - economic wellbeing. A combination of the quantitative and qualitative definition of poverty are utilized to identify who the poor are, extent of their poverty, where they live and what they do for a living. Generally, poverty is a result of many and often mutually reinforcing factors including lack of productive resources to generate material wealth, illiteracy, prevalence of diseases, natural calamities such as floods, drought and manmade calamities such as wars".

"Poverty can be looked into two dimensions, which include inequality poverty and income poverty. A community can experience inequality poverty as people are poor because there is injustice to economic and social interaction. For example, biasness in education which allows education for boys, property ownership is in hands of men. The result of this situation is that more women in third world countries are illiterate, undernourished, have high mortality rate and morbidity. Also, some people are poor because they are incapable to work due to physical body deformities as a result of war in their countries" [13]. Income poverty is due to lack of formal education that could help the people utilize opportunities for better life; some people are poor because their bodies are weak due to the fact that there are inadequate health facilities and therefore cannot work effectively on their land and sometimes members of the family have to stay at home to attend to someone who is sick. This is very apparent now in families which have people that are sick from HIV/AIDS pandemic. Poverty measurements use various concepts of both primary and secondary income [14, 15]. Primary incomes accrue in the form of primary claims on resources, which arise directly out of the productive process of work and accumulation. These include results of

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the labour process (employment - self or hired), returns on rental property and form investment or productive assets. Secondary incomes are results of the transfer and social actions or interventions which empower the recipients to actively engage in production work (e.g. investments in education, health, food security, sanitation facilities and environmental protection).

According to Bennet [13], "the wealth of the nations is often measured in terms of Gross National Product (GNP - the total value of a nation's annual output of goods and services). GNP measurements are usually presented in terms of per capita figures. Another way is by Physical Quality of Life Index (PQLI). This measurement based on the selection and measurement of physical factors which indicate the state of people's health and welfare. The third ways of identifying and measuring poverty is by using Basic Need Approach. In this method the presence or absence of minimal basic human requirements for life as well as essential services indicate the degree of poverty. However, in order to have a clear picture, all measurement tools should use at the same time".

The concern for women in poverty efforts in Uganda is important because women continue to be the most disadvantaged group [16]. Globally, the issue of women and poverty requires a special consideration because women and girls of poor rural households bear a disproportional high share of the burden of poverty.

METHODOLOGY

Study population and sample size

The study participants were 98 respondents which comprises food vendors, ward executive officers, microfinance bank staff and district council officers, and drawn using a Krejcie and Morgan [17] table as presented in table 1 below:

Table 1: Number and type respondents

Category of Respondents	Population	Sample	Percentage
Food vendors of kizinda	38	26	26.53%
Food vendors of Nyabubare	29	18	18.37%
Food vendors of Ishaka Town	34	23	23.47%
Food vendors of Kashenyi Town	24	15	15.3%
WEO of Iskaka	1	1	1.02%
WEO of Bushenyi	1	1	1.02%
WEO of St. Kagwa	1	1	1.02%
Microfinance Institutions Officers	12	8	8.16%
District Council officers	8	5	5.1%
Total	148	98	100

Sampling techniques

Purposive and simple random sampling methods were used to obtain 98 respondents during the study. Purposive sampling technique was used to solicit for respondents that were more knowledgeable about the issues under discussion.

RESULTS

Table 2: The table showing the respondents according to level of women participation

Category of respondents	Frequency	Percentage
Microfinance institutions	34	34.7
Borrowing and lending	10	10.2
Savings and investments	33	33.7
Others	21	21.3
Total	98	100

Field survey, 2022

According to table 2, the women's participation in informal sector shows that the informal sector has been employing large number of people in the world especially women both in urban and rural areas. However, in order for a woman to participate in the sector, she needs capital for business start-up which has been described as the major challenge due to lack of financial services or being excluded from financial services. Though women

participate in informal sector towards poverty reduction but the findings revealed that, there were variation sources of capital for business start-up.

The results of the study found that majority of food vendors got an initial capital due to borrowings from microfinance institutions and borrowings from friends which accounted for 34.7% and 33.3% respectively. Women who reported to start a business from personal savings and other sources like merry go round and family sources were few which accounted for 10% and 21.4% respectively. The results imply that, most of women lack financial services from financial institutions which force them to seek for another source of capital like friends and assistance from families, husbands' incomes. Personal saving has been encouraged in most of African countries due to lack of culture of saving as well as uncertain income. The findings revealed that, women in Bushenyi were encountered by various challenges where in access to resources to start up a business or expanding their business reported to be the major challenge which accounted for 53% followed by education and training with 42%. The remaining percent were laden with lack of support from the government, restrictions from their families especially husbands as well as seasonal customers/business which accounted for 37%, 11% and 9% respectively.

Table 3: Respondents' responses on the level of women participation and their constraints

Category of respondents	Frequency	Percentage
Access to resources	30	30.6
Seasonal business	10	10.2
Education and training	20	20.4
Lack of support	25	25.5
Restrictions from husbands	13	13.3
Total	98	100

Field survey, 2022

According to table 3, lack of access to resources is the main challenge facing women as they lack financial services due to lack of collateral or salary slip to access loan from various financial institutions which lead them to find an alternative way like engaging in rotating saving and credit associations. Moreover, majority of women who participate in informal sector are standard seven leavers, so, they lack education and training on how to operate the business properly as well the skills and knowledge on the ways and procedures of accessing credits from financial institutions. More still, 10.2% of the respondents revealed that Village leaders and district councils has been reported to challenge women where the allocation of premises for operating their business as well taxing them illegally. Restrictions from their husbands to participate in income earning activities especially married ones do face which end up to stop the business with the notion that will use the earning activities to engage in prostitutions, as well as cultural restraints that insists that a woman is bound to stay at home and wait for her husband. Furthermore, 20.4% of the respondents revealed that, hindered access to formal training and education has been noted as one of the key barriers to the advancement and employment of women in the society.

Table 4: Respondents' responses on the level of poverty reduction

Category of respondents	Frequency	Percentage
Affordability of basic needs	53	54.1
Becoming wealth	15	15.3
Renting quality house	30	30.6
Total	98	100

Source: field survey, 2022

Table 4 shows the ways in which food vendors in Bushenyi district has improved their living condition. The result indicates that, majority of women has managed to earn income/permanent income which has helped them to have an assurance of fulfilling and affording basic needs such as food, shelter and clothes. Number of meals per day has increased from 2-3 meals or more in other days. Moreover, informal sector has helped women in the study area to rent a good/quality house with (30.6%), since they afford costs of renting and utilities like electricity and water due to the income they earn. Life difficulties has reduced due to the presence of assets which acts as protection in case of emergence of illness.

DISCUSSION

Though informal sector is not considered much by the government but it contributes much to the reduction of poverty as it has employed large number of women in the country where they earn income to run their families. The sector is not well organized as it is not taxed due to difficulties in operation. The findings of the study revealed that, participation of women in food vendors has contributed to the reduction of poverty where the establishment of business has increased income women earn and have managed to employ other people both girls and boys in order to assist them to run the business. These findings align with the observations of Morrison and

Jutting [18] when they noted that women's participation in the informal sector is a vital instrument in the fight against poverty. In the short run, increasing women's productivity [19], employment [20], and earnings which can contribute to poverty reduction and economic growth. And in the long run, an important factor in preventing the intergenerational transmission of poverty, because women often bear the most important responsibility of raising the education levels of children and mothers and are directly related to the improvement of children's health and education [21]. Apart from employing large number of people, informal sector has contributed much to the accessibility of financial services among women due to the presence of business they have which that credit might be used to curb some emergencies as well as the expansion of business and hence increase employment [21]. Microfinance services has been used to reduce poverty in some Sub-Saharan African countries due to the micro loans they provide with affordable terms and conditions such as income statement/financial statement rather than requiring immovable assets. Women with business have been likely to access credits from financial institutions unlike women without businesses.

CONCLUSION

This paper concludes that women's participation in the informal sector contributes significantly to national economy in terms of output and employment. Women make up majority of the informal sector because employment in the sector is the source of employment that is most readily available to them and a vast majority of women are employed from their homes.

Recommendations

The study suggests that policy-makers should collaborate with women in the informal part of the economy in order to accelerate national development and improve the position of women in the country. More so, an approach that can remove women's legal and socioeconomic constraints should be comprehensively taken, and an action plan should be nationally designed with various women groups in broad consultation.

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