

# **CHAPTER-VI**

## **CONCLUSION**

## **CHAPTER-VI**

### **CONCLUSION**

**6.1.INTRODUCTION**

**6.2.ANALYSIS OF HYPOTHESES**

**6.3.FINDINGS AND CONCLUSIONS**

**6.4.RECOMMENDATIONS**

## **CHAPTER-VI**

### **CONCLUSION**

#### **6.1. INTRODUCTION**

The informal sector plays an important role in the economy especially in developing countries. It provides jobs and reduces unemployment and under-employment, but in many cases the jobs are low-paid and the job security is poor.

More people have been going in to informal sector because they cannot find jobs or unable to start businesses in the formal sector in the last 40 years different groups have been termed 'informal' because they share one important characteristic. They are not recognized or protected under the legal and regulations. Informal workers are not recognized under the law and therefore receive little or no legal protection.

The informal economy is an economic activity that is neither taxed nor monitored by government; these activities are rarely reflected in official

statistics on economic activity. This sector differs per region and per economy.

The contribution of the informal sector not only its size, is quite large.

Contrary to earlier predictions, the informal economy has been growing rapidly in almost every corner of the globe, including industrialized countries; it can no longer be considered a temporary or residual phenomenon. The bulk of new employment in recent years, particularly in developing countries, has been in the informal sector.

In this chapter, researcher presented the conclusions based on the secondary and primary data and chapter also includes some suggestions and recommendations due to study.

## 6.2. ANALYSIS OF HYPOTHESES

This research work contains three hypotheses as follows:

**HYPOTHESIS.1:** Economic growth due to globalization has positive correlation with the informalization of the economy and increases the informal sector.

**Untrue:** result of study shows that there is a negative relation between growth and informal economy , which means that informal economy expands during economic crisis and shrinks during economic growth and this experience calls " counter cyclical behavior " .in chapter 3 ,present this in figure 1.3 , table 4-3 and table 5-3 :

**Table5-3:**

**Trend of informality Northern African countries , 1975 to 2010**

Regions/ countries/ years	19 75- 79	19 80- 84	19 85- 89	19 90- 94	19 95- 99	20 00- 04	20 05- 10
Northern Africa	39. 6		34. 1		47. 5	47. 3	53. 0

Algeria	21. 8		25. 6		42. 7	41. 3	45. 6
Morocco		56. 9			44. 8	67. 1	78. 5
Tunisia	38. 4	35. 0	39. 3		47. 1	35. 0	36. 8
Egypt	58. 7		37. 3		55. 2	45. 9	51. 2

Northern Africa which is the region where estimates are the most numerous all the 4 decades, can be taken as an illustration of the counter cyclical behavior of employment in the informal economy: it increases when the rate of economic growth is decelerating, and contracts when the rate of growth increases. Tunisia is a good example: starting from a relatively high level 38.4% of total non-agricultural employment, employment in the informal economy drops down to 35% in the mid of the 1980s with its rapid growth until the end of the 1980s (39.3%) and even until the end of the 1990s (47.1%). Then the informal economy drops dramatically (35%) in the mid of the 2000s with the rapid growth of the Tunisian economy and starts growing again until 2007 (36.8%) and so other countries.

**HYPOTHESIS.2:** Informalization has positive impact on job creation for women labour force.

**True:** results of study shows that this hypothesis is correct, according to figure 4-3 and table 3.3 in chapter three ,for example table 3-3 in following indicates that informalization made contribution of women in employment more than before such as temporary jobs.

**Table 3.3:**

**Share of women in temporary employment in selected OECD countries, 1990, 2000, 2008 and 2011**

	1990	2000	2008	2011

Austria		8.3	9.1	9.5
France	12	16.5	16.1	15.8
Belgium	8	12	10	10
Canada		13	12.7	14
Germany	11.6	13.1	14.8	14.8
Poland		10.9	27.7	26.2
Ireland	11.4	6	9.8	10.4
Italy	7.6	12.2	15.6	14.7
Sweden		17.4	18.7	18.3
Switzerland		12.8	13.1	13.3
Japan	19.1	20	21.9	20.7
Slovenia		16	19	20
Portugal	20.5	22.7	24.2	22.4
Hungary		6.5	7	8.4
Netherland	10.2	17.2	20	19.6
United kingdom	7	7.7	6	6.5
Luxembourg	4.9	4.6	6.6	8.2
All OECD countries	11	12	12.5	12.7

**HYPOTHESIS.3:** Informalization of labour market creates the gap in income and wage between male and female.

**True:** according to results of this study this hypothesis is correct , we can see it in figure 1-1:pyramid of gender segmentation and wage gap in chapter 1, which represents that there are significant gaps in earnings between men and women in women earn less than men in informal economy,table 5.6 ,table 5.9 in chapter five and in following there is table 3-3 which indicates women earn less than men in informal(unregistered) jobs .

**Table 1.3:**  
**Wage gap between men and women by worker status**

Employment  Status	Average Monthly Income  U.S dollar		Female wage as a  percent of male wage
	male	female	
Self-employed			
Registered	362	254	70
Unregistered	249	138	55
Head of micro- Enterprises			
Registered	426	245	58
Unregistered	201	166	57
Worker in micro- enterprises			
Registered	192	153	80
Unregistered	166	124	73
Worker in large enterprises	297	227	76

### 6.3.FINDINGS AND CONCLUSIONS

- From whole of this research work researcher found that, the term "informal economy" is most controversial topic in the economy and as it was predicted by economists of 1950s like Arthur Lewis or 1970s like Keith Hart, that it gradually will disappear by the formal economy, we see today contrary

of it happened, means not only informal sector did not disappear but even expanded. Today we see the informal economy in every corner around the globe and now it is not the dilemmas belong to developing countries, but now a day we see the growing trend of the sector in every developed countries and hence today informal economy is a complex dilemma of the globe. In following paragraphs researcher presents conclusion of this research study based secondary data and according to primary data with has been collected through field survey from Armenia and on the last part researcher presents some recommendations.

- Informal sector is a major provider of employment for low income groups and it contributes a significant share of GDP.
- Much of the recent rise in informal employment is due to the decline in, formal employment or to the informalization of previously formal employment relationships.
- Informal enterprises includes not only survival but also stable enterprises, informal employment includes self – employment and wage employment. Evidences shows that a large majority of women in developing countries are in informal employment.
- Women in all age groups depend on the informal sector more heavily than men. Women are overrepresented in this sector in the sense that their share in the sector is higher than their in total labour force. Most women tend to be own account workers and only a few are heads of microenterprises. Relatively lower level of education among women, compared to men, seems to explain, in part, this gender differential in informal employment. Discrimination in the labor market also explains in part the disproportionate concentration as it limits women's access to formal and wage employment. Women also face additional constraints because of their home making and child care responsibilities, which limits their participation in formal employment. Even within the informal sector more women than men seem to be in poor quality employment. In latin America, more women seem to be -in the unpaid categories than men. In Africa the proportion of unpaid workers (working in family owned enterprises) among women appears to be relatively



high, compared with other regions.

- The informal sector is important not just as a source of employment but also for the production of goods and services. In many countries the contribution of informal enterprises to gross value added (GVA) is substantial. Estimates of the average share of the informal sector in non-agricultural GVA vary from a low of 14 percent in Eastern European and Central Asian countries to a high of 50 per cent in sub-Saharan Africa. That a large number of countries in sub-Saharan Africa prepare such estimates reflects the importance of the informal sector in their total GVA. The goods and services produced in the informal sector contribute substantially to what is consumed by poor as well as more affluent households.
- As the main and often the only source of income for the poor, employment in the informal sector plays a key role in poverty reduction. However, many of those engaged in the informal sector are not able to work their way out of poverty; in fact for many the conditions under which they work serve to perpetuate their disadvantaged position and the poverty in which they live.
- Informal employment accounts for a substantial portion of employment today. It encompasses persons in employment who, by law or in practice, are not subject to national labour legislation and income tax or entitled to social protection and employment benefits. Informal employment can exist in both the informal and the formal sector of the economy. In most developing countries informal employment is a larger component of the workforce than formal employment. Estimates show that it comprises more than half of non-agricultural employment in most developing countries: 82 per cent in South Asia, 66 per cent in sub-Saharan Africa, 65 per cent in East and Southeast Asia and 51 per cent in Latin America. In the Middle East and North Africa, while the average is 45 per cent, the range is from 31 per cent in Turkey to 57 per cent in the West Bank and Gaza.
- In South and East Asia, informal employment in all the reporting countries, except Thailand, is more than 60 per cent of total non-agricultural employment. It ranges from 42 per cent in Thailand to 84 per cent in India. In all the reporting countries, the proportion of persons employed in the

informal sector greatly exceeds those in informal employment outside the informal sector. The share of informal sector employment in non-agricultural activities, ranges from 44 per cent in Viet Nam to 73 per cent in Pakistan. The percentages of men and women having an informal job are relatively similar in all the countries with the exception of Sri Lanka. In the countries in South and East Asia the percentage of men in informal sector employment is higher than that of women except in Viet Nam where women's informal sector employment is slightly higher than men's. Furthermore, the bulk of informal employment of men is concentrated within the informal sector, while for women the extent of informal employment outside the informal sector (e.g. domestic workers) is also significant.

- In sub-Saharan Africa, informal employment in all the reporting countries accounts for a significant share of total non-agricultural employment, ranging from 33 per cent in South Africa to 82 per cent in Mali. The pattern for informal sector employment is generally similar: ranging from 9 per cent in Mauritius and 18 per cent in South Africa to 71 per cent in Mali. In all the sub-Saharan African countries for which data were available, the number of persons employed in the informal sector greatly exceeds those in informal employment outside the informal sector. In all of these countries, the percentage of women in informal employment is higher than that of men. However in contrast to the other regions, the percentage of women employed in the informal sector is generally higher than that of men in the majority of the reporting countries of the region, except in Lesotho, Mauritius, South Africa and the United Republic of Tanzania, where it is slightly lower.
- In all the reporting countries in Latin America and the Caribbean, informal employment accounts for a significant share of non-agricultural employment, ranging from 40 per cent in Uruguay to 75 per cent in Bolivia. The proportion of employment in the informal sector as percentage of total non-agricultural employment ranges from 24 per cent in Brazil to 58 per cent in Honduras. Informal employment is generally a more important source of employment for women than for men. However in employment in the informal sector, the picture is reversed. The majority of the countries in the region (12 out of 16) registered higher percentages of men than women in informal employment.

The bulk of informal employment of men is concentrated within the informal sector, while for women a large proportion also work outside the informal sector (e.g. as domestic workers).

- For North Africa and the Middle East, informal employment in the three reporting countries/ territories constitutes a significant proportion of employment: 58 per cent in the West Bank and Gaza Strip, 51 per cent in Egypt and 31 per cent in Turkey. The percentage of men in informal employment is much higher than women in two of these three countries / territories, namely Egypt and the West Bank and Gaza Strip. The higher proportion of informal employment among men partly reflects the low participation rate of women in the labour force and differences in the types of activities undertaken by men and women respectively. In Turkey, the situation is different, with similar proportions of informal employment among women and men. Women's rates of participation in the labour force are higher than in the two other reporting countries/territories, and a higher proportion of women work in the manufacturing and trade sectors.
- Among the regions, the lowest percentages of informal employment are in the countries of Eastern Europe and the Commonwealth of Independent States (CIS). In countries for which data were available, the share of informal employment in total non-agricultural employment ranges from 6 per cent in Serbia to 20 per cent in Armenia.
- If informal employment in agriculture were included, the proportion of the labour force in informal employment would increase greatly in many countries, especially in South Asia, sub-Saharan Africa and East and Southeast Asia, where informal employment is already high. In developed countries an increasing share of the labour force works under part-time, temporary work and own-account employment arrangements that offer limited benefits or social protection. Many though not all people working under such arrangements in developing countries would most likely be identified as having informal jobs.
- Informal employment encompasses workers in all employment status categories: employers, employees, own-account workers, contributing

(unpaid) family workers and members of producers' cooperatives. Although the employment relationship of workers in informal employment is very heterogeneous, they share a basic vulnerability, namely, their need to be self-supporting and to rely on 'informal' arrangements. For example, workers in informal employment lack access to modern capital markets, to formal training and to official social security systems. In addition, by definition, they receive little or no legal protection. It is these characteristics that are responsible for the low-quality and precarious nature of informal employment and for the fact that it remains outside the legal and institutional structures of the modern economy.

- For many years governments and economists assumed that, with the right mix of economic policies and resources, poor, traditional economies would be transformed into dynamic modern economies. In the process the traditional or informal sector was expected to disappear as the modern or formal sector grew and absorbed more labour. However contrary to expectations, the informal sector and informal employment continue to be substantial. Many countries have not been able to develop a modern economy capable of providing adequate employment opportunities for their rapidly growing population. The informal sector remains a major if not the major source of employment in many countries, where it is made up of own-account or small enterprises, with little or no formalized organization or capital, and of casual employment. In countries of Eastern Europe and Central Asia, the informal sector is an important part of the economy.
- In both developing and developed countries the modern or formal sector is being transformed by global integration and shifts in economic policies. Some forms of production are moving out of large, registered factories and are being reorganized into more decentralized, flexible and specialized units. Non-standard contractual arrangements or informal jobs are replacing full-time employment. Examples of the emerging forms of employment include part-time or part-year employment, fixed-term employment contracts, jobs arranged by temporary help agencies or contract firms, casual employment, contract labour, and outwork or home work. Not only does there continue to be substantial employment in the informal sector and in informal jobs outside

the informal sector but contractual and working-time arrangements are becoming more complex.

- Typical informal sector activities (unpaid work in a family enterprise, casual wage labour, home-based work, street vending) provide the only opportunity for many poor people to secure their basic needs for survival. In countries without unemployment insurance or other kinds of social benefits, the only alternative to being unemployed is engaging in informal sector employment. Other informal sector employment (as employers in informal manufacturing establishments or as skilled self-employed workers in small businesses) may sometimes provide better pay. These workers may even earn more than regular employees working in formal jobs. But even for these better off workers informal sector employment rather than formal sector employment is often the only option.

- The informal sector and informal employment interact closely with the formal sector. As noted above, the modern globalized economy depends increasingly on informal employment, in such forms as subcontracting, home-based work, agency work and other types of flexible or temporary employment. More broadly, formal sector establishments may depend on the informal sector and informal employment to ensure flexibility and lower costs and generate more income for their owners. The informal sector does not exist separately from the formal sector; rather it produces for, trades with, distributes for and provides services to the formal sector.

- Informality may also inhibit trade success because informal firms often lack the necessary size to fully exploit economies of scale. However, firm size, productivity growth and export opportunities are closely linked. Not only can large firms benefit from scale economies, they also have easier access to high-skilled labour and bank (including trade) credit. They tend to be more reliable in fulfilling sales contracts on time when compared to smaller firms, which is a valuable asset when establishing long-term client relationships. In this regard, the lack of access to appropriate managerial staff and the fact that small firms are locked into local trading networks seem to be the most pervasive mechanisms. Experiences in individual countries seem to confirm this general picture. Faced with a sudden decline in the average firm size,

countries typically lose international market shares and start to trade less. This effect is reinforced by the tendency of smaller firms to serve mainly the local market, thereby losing touch with international customers (e.g. in responding to their preferences) and access to international distribution channels.

- Informality can also act as a barrier to economic restructuring. It is estimated that around 10 per cent of all jobs are being destroyed every year in many countries, regardless of their particular economic and institutional conditions and many of those losing their jobs are faced with the choice between unemployment and informal employment. However, in countries lacking even the most basic social protection systems, unemployment may not be an option. Hence, entry into informal employment is high; but so is exit from it, and levels of churning in the informal economy is similar to those observed in the formal economy. Even though this makes informal segments of the economy appear dynamic, many workers stay in the informal economy for prolonged periods and exit from informal employment is often towards ever-lower ends of the labour market, including joblessness and withdrawal from the market. Moreover, it is much more difficult for informal employees to return to the formal labour market, especially in the lower-tier segments of the market. For those countries where empirical analysis is available, the study documents that, once in the informal labour market, the likelihood of becoming unemployed in a given year is twice as likely as a return to formal employment. In addition, it is more than twice as likely that such workers will remain informally employed. The same evidence shows that, although job reallocation is important for successful structural adjustment, the informal economy may prevent necessary transition between different segments of the formal economy, partly as the result of a loss of human and social capital for those who remain in the informal economy for protracted periods. This can mean that labour shortages arise in those sectors which prosper following trade reforms, with the result that companies in these sectors tend to shed capital and opt for smaller plant size, lowering their export opportunities and preventing countries from benefiting more fully from trade opening.

- There is a widespread assumption that the informal economy is counter cyclical that is, it expands during economic down turns and contracts during periods of economic growth. However, study of available data of different developing countries suggest a more complex and dynamic picture, with substantial variation in patterns of informalization across countries, sharp economic downturns are associated with a rise in informal employment. It is found that, in some countries steady rates of economic growth are associated with increase in informal employment. This is because certain forms of informal employment expand during downturn in the economy, such as survival activities and subcontracted and outsourced activities linked to formal firms trying to cope with recession. While certain other forms of informal employment expand during upturns in economy, such as the more entrepreneurial small firms as well as sub-contracted and outsourced activities linked to the global production system.

- Informality is associated with increased vulnerability of countries to economic shocks. Moreover, informality raises the likelihood being affected by such shocks. The combination of these two tendencies can create a vicious circle, weakening the long-term performance of a country, lowering the potential benefits it can derive from trade and reducing economic well-being. Volatility in growth performance and the frequency of extreme economic events (such as rapid growth spurts and sudden growth reversals) tend to rise with the size of the informal economy. Countries with above average sized informal economies are almost twice as likely to experience extreme economic events, compared to countries with less informal employment. Empirical evidence in the literature tends to confirm this adverse association between Quality of employment varies considerably even within the informal sector. Incomes of self employed women tend to be, higher than that of wage workers, and also often above the national legal minimum wage, because of capital investment from own savings. Incomes of home workers are lower than that of own account workers, partly because of lower investment. Incomes of women are substantially lower in the informal than in the formal sector, even after taking into account differences in human capital investment. Gender disparity in income seems to be greater in the

informal than in the formal sector. A much larger proportion of women in the informal sector than men receive very low incomes. In a large majority of cases reviewed more than half the female employment is of very poor quality because the workers were in the lowest income brackets; and gender disparity exists irrespective of the type of activity and employment status. There are substantial income disparities between men and women even when they are self employed. Return to investment in education appears to be lower for women in the informal sector, but they have a greater chance of moving out of informal employment with more education.

- Variations in women's income in the informal sector and gender disparity are explained in terms of a production function framework, using empirical evidence on a) sectoral composition of women's activities; b) human capital, c) physical capital, d), informality including regulatory and policy environment and e) structural constraints derived from social, cultural and institutional setting. Since relevant data on the determinants of income are not available the analysis is based on proxies. Though differences in schooling and skills explain much of the income variations among women, and between men and women differences in other enterprise characteristics such as scale of business, extent of product diversification and technology, extent of investment including the nature and type of business premises and location, linkages and contacts, and access to social networks are also important. A large proportion of women in the sector have either little or no schooling and skills. Women owned enterprises tend to be much smaller, with very small investment, and more often located in home, with few market linkages and network contacts. Differences in sectoral composition of employment also explain much of the differences in income. More importantly, factors contributing to informality such as legal status, access to resources and markets, and structural constraints, insofar as they vary across individuals and enterprises, also seem to explain a significant part of income variations. Social capital and the use of social networks assume a major significance in determining access to incomes mainly because of the presence of informality in these countries.

- A significant part of the income differential among women operators in the



informal sector is the result of gender based discrimination, not only in the labor market that is widely acknowledged, but more importantly in other markets such as credit, training, land and infrastructure. Not only labor market but also other markets appear to be segmented. Differential access to capital, skills and other resources between men and women seems to explain the gender differences in the choice and type of business, scale of operation, location of business, and choice of products and technologies, which in turn explain the income disparities between men and women. The evidence supporting this is rather indirect, and scanty. If this is confirmed by a larger body of evidence then it would imply that informality and market imperfections affect women more severely. The above findings suggest that improved access by women to education and credit can play an effective role in reducing income disparities. But elimination of market imperfections, especially discrimination against women, as well as factors contributing to informality could play an equally important role in raising women's income.

- A substantial part of women's informal employment is also outside the informal sector, especially in the category of independent wage workers; but few studies have focused on them and consequently there is little direct evidence on the determinants of their income. But they are captured indirectly through household or labor force surveys, and included in the labor market analysis. Women in informal wage employment face discrimination, and the gender gap in incomes appears to be larger in the informal sector. Many of them with little or no schooling tend to work in the service sector, especially in domestic service, in latin America. Women's earnings are lower than men's - up to a third or more, even when there are no significant differences in human capital endowments. Between 70 and 100 percent of earnings differential between men and women in latin America are due to factors other than human capital endowments - generally attributed to labor market imperfections or discrimination. Women's access to more productive jobs appears to be limited owing to gender based segregation of jobs, but there is little direct evidence on this. Though higher education could improve women's incomes and their access to formal employment, because of initial income disparities between men and women, and between informal and formal sectors, women probably find it less attractive to invest in education -

even when access is improved.

- Women household heads, especially from poor families, seem to be over represented in the informal sector. There is also gender bias, as a relatively higher proportion of women household heads than men is in this sector. Households headed by women are more likely to be below the poverty line, compared with households headed by men. The proportion of workforce in microenterprises falls as household income rises. There seems to be a significant association between gender, informality and poverty. Women's income from informal employment, though low, nevertheless contributes to a reduction in the level of household poverty in these countries.

In following the paragraphs researcher presents some findings and results according to study on labour market and informal sector of Armenia and findings based observation from field study from shirak province of armenia .

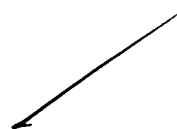
- though after the land privatization almost 90 percent of rural population have their own land but most of lands are not good for cultivation , most of people which have been interviewed believed that conditions in rural areas before 1990s that is in USSR era was much better, because agriculture was industrialized , most of women which been interviewed had absolutely no idea about labour unions , shocking fact is which hard work they do on the lands most of them were consider themselves as farmers or housewives not as agriculture labourers .

- according to observation in present study , Armenia 's rural area specially in shirak province is consists of small farms farmer' s house exist inside of the farms. Most of agriculture women labours are working in their own family land (unpaid family workers). Majority of women which been interviewed believed that more than 70 percent of land ' output is consumed by the household and only 30 percent of which it is sold . researcher found out that shirak province ' rural area does not have orchard but most of the lands cultivate wheat s and other crops .

- according to researcher's observations most agriculture's work is getting done by women , which means women make up more agriculture labours of

shirak province , some of women explained that some times they go and work for other people on their land and instead of wage ask them to come and work on their land .researcher ,according to her own observation believes that majority of women in rural area of present study are categorized as informal agriculture workers and their working conditions is very poor .

- Wage labourers may work in formal market, where workers make individual agreement or bargain collectively with employers to secure contractual agreements about wage and other benefits. But the majority of agricultural age labourers, particularly Armenia women, either are working on land owned by spouses, families or other land owners or one hired in informal markets. It do not have contracts that provide them direct control over the returns to their labour or that legally oblige employers to provide benefits or adhere to existing labour laws.
- According to the present study ' s sample majority of women agricultural labourers have been completed their education upto general secondary level. As stated in earlier that, in some countries, unpaid jobs were generally carried out by women who have low levels of education or no formal education at all. But in case of Armenia, this tendency is not seen. In fact, most of the unpaid family jobs were performed by women who have at least completed primary and entered the secondary levels of education. It also shows that, the lower the educational attainment, higher the probability of being engaged in informal employment.
- the families of women labourers are not too big or too small. Majority of women labourers are having 4 to 6 persons in family of women labourers in agricultural labour. Very few family heads are engaged in the employment in building and road construction, car mechanics. Therefore it is concluded that, the agricultural sector of Armenia is the second largest sector which provide employment to the people of Armenia.



- agricultural employment is in many respects, one of the main obstacles to economic development and poverty reduction in Armenia. Firstly, the extremely low productivity of the agriculture sector suggests sector growth will not be sustainable without serious restructuring and increase in labour productivity. Secondly, agriculture is still the main source of income for the Armenian rural women, as there are very few opportunities for non-agricultural activities. Finally, the mixed income of women agricultural labourers is very low and does not provide sustainable protection against poverty.
- low income does not fulfill the requirements of the women labourers. Hence, their standard of living is also very low. Naturally, very few of them are able to save. They try to remain within their means.
- This is strange to know that none of the women labours know about labour union. It is due to two reasons. Firstly, the women labours work on the contract basis. In the terms of agreement for the work, they are kept debarred from such union activities. Secondly, there is no platform to bring them under some organization. With the result, they remain secluded and disintegrated. Hence, it is concluded that, they become victim to the hazards of the job, exploitation by way of low remuneration and lack of other welfare facilities at the working place.
- due to large scale privatization of land in the early 1990s and eroding public utilities, many farmers lack access to basic agricultural infrastructure necessary for efficient farming. This has been adversely affected the women labourers. Very few people practice cost effective farming and irrigation due to lack of training, funds and technical education opportunities. Limited access to financial resources and minimal sales prospects have prevented farmers from accessing capital to invest in their own farm operations. That is why they can not provide other facilities to their employees.

- agricultural women labourers constitute the most neglected class in Armenian rural sector. Their income is low and employment is also irregular. Since, they possess no skill or training, they have no alternative employment opportunities either. Therefore, they are a suppressed class. They are not organized and they cannot fight for their rights. It is concluded that, because of all these reasons their economic lot has failed to improve.
- for agricultural labourers minimum wages and statutory working hours are alien words. The women as agricultural labourers are discriminated in wage payment throughout the country even in operations such as transplanting and weeding which are women intensive operations.
- The present study shows that rural Armenian women in particular are responsible for half of the country's food production and produce between 60 to 80 percent of the food in the country. However, these women do not own the land on which they labour and in many cases they remain unremunerated for their family labour.
- It is generally observed that, poorer family, greater the involvement of women in agricultural activities. Despite women's significant and crucial role in agricultural development and allied fields, they have virtually no access to agricultural information, services or production assets and have very limited control over their earnings. Female-headed households are particularly vulnerable to falling in to extreme poverty since women are left alone to shoulder the burdens of household and childcare responsibilities. Another consequence of male migration has been the growth in "paralleled families", where migrant male workers establish another family in their new location. It is concluded that, this phenomenon is increasing the number of female headed households in Armenia.
- Researcher found that Armenia grants women equal rights under the law including equal entitlement to education, health care, employment and certain anti-discrimination measures. However, such legislation is not widely applied since Armenia does not have a public agency designed to deal with gender issues.

## 6.4. RECOMMENDATIONS

In the following paragraphs researcher presents some suggestions to improve the working conditions and lives of workers in informal sector and women workers in particular.

- Since labor law distributes economic rights between employers and employees, it is an important mediating force that can both support or combat exploitative conditions in the informal economy. It is thus an important aspect of any effort to improve conditions for informal workers. It is also an important dimension of any effort to rethink labor markets and industrial relations.

Mainstream labor law is premised on a standard definition of the employer/employee relationship and the related assumption that all workers are either fully independent employers or fully dependent employees. By its very definition, therefore, mainstream labor law excludes certain kinds of informal employment arrangements. An employee is assumed to be a fully dependent waged worker for a clearly identifiable employer. As with labour statistics, those who are excluded from the ambit of labor law so defined include:

Industrial outworkers or home workers who work for either a formal or informal firm under a subcontract.

Other contract workers working through intermediaries.

Various forms of disguised wage workers.

Workers with no fixed employer.

A further limitation to mainstream labor law is the assumption that the employee has a single job and a single employer. This assumption limits the capacity of labor law to deal with workers who move across employment statuses and sectors (within a given day, week, month, or year); who are self-employed at one point in time and paid workers at another; or who have no fixed employer.

Hence, labor law has not dealt effectively with the whole issue of tripartite or multipartite employment relationships. Whereas the employment relationship

has traditionally been thought to concern two persons the employee and the employer there are more complex situations in which a third party or multiple parties are involved. In such situations, the employees of one enterprise (the "provider" enterprise) provide services or labor to another enterprise (the "user" enterprise). Such "triangular" or "multilateral" relationships have always existed but seem to be on the rise . The best known examples are the use of contractors and private employment agencies. Another popular arrangement is franchising under which the franchiser normally exercises substantial control over the franchised business, including its employment policy and finances. Whereas many such relationships involve a civil or commercial contract between the user and the provider enterprises, this is not always the case.

For the employee in such "triangular" or "multilateral" relationships, the questions become: who is my employer? what are my rights? and who is responsible for ensuring them? From a legal standpoint, it is not always clear what the answers to these questions are because both the "provider" and the "user" enterprise assume certain functions of a traditional employer. Providing answers to these questions is further complicated if the so-called user/provider relationship reflects an attempt to conceal the user's identity as the real employer. For instance, in some such cases, the provider is actually an "intermediary" of the supposed user. So it suggesting here that, there has to be some shortcomings in labor laws relating to how they define and classify employment relationships; how the definitions/classifications encoded in labor laws are interpreted and applied; and whether the laws, as interpreted, are enforced or complied with. Evidently, there are deliberate efforts by employers to disguise or mask the employment relationship. And, finally, there are objectively ambiguous employment relationships. real world employment relations present challenges for rethinking labor laws. It should be the coverage of labor laws be widened to include all categories of workers, particularly the disguised workers and own-account workers in the informal economy, Also, can or should joint- or multiple-liability laws be introduced that push legal responsibilities for the wage and working conditions of home workers and others in the informal economy up the production chain to the subcontractor, contractor, manufacturing firm, and

multinational corporation. Moreover, it can be done simply by expanding the definition of term employee in the labor laws. While it may be necessary to extend the coverage of the labor laws beyond the traditional employment relationship, in order to provide adequate coverage to a diversity of new forms of work, basic protection can also be provided by family law, social protection legislation or other laws, and social security schemes. Any efforts to protect the workers must then view a worker as a worker as well as a citizen.

- While it may be necessary to extend the coverage of the labor laws beyond the traditional employment relationship in order to provide adequate coverage to a diversity of new forms of work, basic protection might also be mandated under commercial law. Given that one-third of the global work force is self-employed and since a large share of informal wagedworkers are hired under subcontracts of different kinds, it is important to rethink the application of commercial law as well as of labor law.
- The dynamics of employment relations in today's world pose some fundamental challenges to standard models of how labor markets operate. In addition to the twin questions of Who is an employee? and Who is an employer?, as discussed above, the informal economy challenges accepted notions of What is a firm? There is a need to understand the dynamics of family businesses and single person operations.
- The notions of unemployment and underemployment are problematic, both as concepts and as measures of labor market insecurity, in contexts where a large share of total employment is either self-employment or informal wage employment, especially in the absence of unemployment insurance. More relevant concepts and measures are needed to capture and measure labor market insecurity in such contexts: for example , what share of workers have paid sick leave, severance notice, severance pay, employer contributions to health insurance, or old age pensions.
- The notion of control and the associated allocation of risks / uncertainties need to be rethought, particularly in context of value chain production. Employment relations in value chains are characterized by decentralization of wage bargaining, individualization of wage determination, and



downloading of risks and uncertainties: features associated with various processes of labor market flexibility . There is a need to rethink workers' rights and benefits in light of such arrangements. Commercial relations in value chains between dominant lead firms and subordinate supply firms might also be characterized as product market flexibility. The dominant firms retain flexibility in order to be able to alter production (the location and the frequency/size of work orders) in face of fluctuations in market demand or unanticipated technological options. Lead firms effectively download risks and uncertainty through subcontracting to subordinate firms. Often the subordinate firms' especially very small firms are simply not able to cope. In such contexts there is a need to rethink the rights and benefits of the self-employed under either commercial or labor law.

- The informal economy presents challenges to claims about the impact of protective regulations on labor markets. In most cases, these claims would apply only to regular wage labor: that is, to interventions to guarantee minimum wages (such as minimum wage regulation and collective bargaining) for regular wagedworkers.

- Governments can provide tax incentives for commercial banks to defray additional transaction costs. Some countries, including India and Pakistan, have been providing subsidized credit for microenterprises. However, procedures for obtaining such loans are usually lengthy and cumbersome. Moreover, influential people, in connivance with corrupt officials, may pre-empt the granting of such credit. There is not a great need for subsidized credit in the informal sector. Improved access to credit and other financial services is more important than the cost of credit. In September 2006, the Government of Pakistan introduced a concessional credit programme largely aimed at helping youth to become self-employed. This employment generating programme, called the President's Rozgar Scheme, is expected to provide loans for about 2 million people over five years. The scheme envisages the processing of loan applications within 10 days of receipt of the completed documents.

- One of the main hurdles in obtaining credit from formal financial

institutions is the need to provide collateral, which poor participants in the informal sector usually lack. The group guarantee method, pioneered by the Grameen Bank of Bangladesh, is an innovative way to circumvent the hurdle of collateral.<sup>13</sup> Small homogeneous groups of poor people are established for group guarantee loans; if any member of the group fails to repay a loan, other members of the group are responsible for repaying the loan on behalf of the defaulter. The Grameen Bank charges the market interest rate, and its recovery of loans has been close to 100 per cent. Participants in the informal sector are benefiting from this approach to obtaining credit in many other countries. The methodology can be supplemented by involving local associations of informal enterprises. These associations can provide a group guarantee and, due to their size, help the participants to save on transaction costs. Nongovernmental organizations (NGOs) are active in the provision of credit, and this should be encouraged by Governments.

- Education and skills training are important for enhancing the productivity of informal workers, who generally lack education and skills. Many migrants from rural areas and have few opportunities to receive a formal education. In addition, children of poor people in urban areas find it difficult to attend school for economic reasons and end up in the informal sector at a young age.
- Informal workers usually acquire skills through on-the-job training or a traditional apprenticeship system. Both methods are (a) flexible and adaptable to the employment opportunities available in the informal sector and (b) take into account the limited educational background of the participants. The problem with these methods is that trainers pass on obsolete skills from generation to generation.
- Human capital development is key to making the informal sector more productive and dynamic. For this to happen, basic education, including primary education, should be made universal. Universal primary education would help workers in acquiring vocational training and would make them more flexible and mobile, as they could be trained (or retrained) more easily. Adult literacy programmes should be provided in places where informal sector participants live. Apart from allocating more of their own resources,

Governments should encourage NGOs and the private sector to provide skills training.

- While the content of the skills training should be geared towards current labour market requirements, short courses that impart practical and marketable skills are suitable for informal workers. The private sector and NGOs should be involved in the design of syllabuses for such short courses so that the skills provided are relevant and marketable. Special vocational training institutions can be established for informal workers, and existing vocational training institutions can be used "after hours". It is important to upgrade trainer's skills at regular intervals in order to help avoid the transfer of obsolete skills.
- The upgrading of skills can help with the use of modern technology, which in turn raises productivity. However, purchasing new tools and machinery, which requires financial resources often lacked by informal entrepreneurs, is necessary for the introduction of modern technology. Therefore, it can be argued that the provision of training and credit should be combined: the institution providing credit should arrange practical training for informal workers.
- A general lack of access to physical infrastructure and services, such as roads electricity, water supply and public transport, dampens the productivity of both the formal and informal sectors. Improving access to the physical infrastructure can enhance productivity and reduce the operating costs of the informal sector. Providing such facilities is essential for the integration of the informal sector into the rest of the economy.
- Participants in the informal sector often use their houses as their work premises. Otherwise, their businesses may be located in public places, such as on streets or sidewalks, or in unregistered shops/workshops. Informal entrepreneurs need electricity for both lighting and power tools in order to improve their productivity. They require water, sanitation services and places to store their goods. Some government schemes impose the large-scale resettlement of informal sector businesses to locations considered suitable by policymakers and planners, but such resettlement is seldom successful. It is better to take the infrastructure facilities to the places where the informal

sector is already located.

- Informal workers often lack legal property rights or secure tenure of places where they live or work. This makes it difficult to extend infrastructural services to them. Electric companies may not provide electricity for business owners who do not have secure property rights, as it would be difficult for them to monitor the services and collect the payments. Therefore, the informal sector should, to the extent possible, be provided with property rights or secure tenure of their places of residence and work. Apart from improving productivity in the informal sector, this would encourage informal entrepreneurs to bring improvements to their land and its surroundings, without the fear of eviction.
- Participants in the informal sector enjoy little social protection against illness, disability, unemployment, old age or the death of a main income earner. In fact, even the formal sector in most developing countries is unable to provide comprehensive social protection for its workers, as usually enjoyed in developed countries. Social insurance schemes, such as health insurance, disability allowances or retirement benefits, are financed through a mix of taxation and contributions from employers and the formal workers themselves. Relative contributions made by each party differ across industries and countries. The implementation of social insurance schemes for the informal sector, which consists largely of self-employed individuals, is extremely difficult. Informal producers' and workers' incomes are usually low, making financial contributions difficult. Apart from high financial costs, the administration of social insurance schemes is very challenging.
- The informal sector is extremely heterogeneous, and there is a need for a careful analysis of different options for different categories of workers in specific industries or sectors. Where participants in the informal sector are organized, the private insurance industry and the Government can negotiate with them a cost-sharing arrangement for social insurance schemes. It is important that Governments subsidize the social insurance schemes and that most of the responsibility for risk coverage is not placed on the poor participants in the informal sector themselves.<sup>18</sup> Governments can make major contributions through their poverty reduction programmes. Informal

social security systems provided by the family or the community continue to be the major source of social security in many developing countries. Such systems have been eroding over time, however, and need to be strengthened.

- With respect to working conditions, informal workers who are employees usually suffer from exploitation in the form of long workdays, a lack of a weekly holiday, a lack of job security or generally low wages. To minimize their exploitation, there is an urgent need for laws and regulations to protect informal workers. At the same time, however, it is important to remember that the informal sector is a source of employment for a large number of people. Excessive laws and regulations can stifle its growth and erode its employment generating potential. Therefore, a balance between the protection and welfare of workers and the maintenance of the sector's employment potential needs to be found.

- women labourers in Armenia got employment in agriculture for only 2/3 of the total days in a year. The rest of the days are unemployed. Therefore, steps should be taken to impart entrepreneurship training to the women labourers in activities like mushroom cultivation, food processing, dairying etc. This should be done with the coordinated efforts of Armenian government and NGOs etc. This will help them to gain self employment and good income.

- The seasonal unemployment of women labourers has severe negative impact on their income, consumption, expenditure and savings. The debt position of the labourers also worsened. Therefore, steps should be taken to provide sufficient alternative employment sources for the women labourers so that they can earn good income during off season.

- It is suggested that to overcome the problem of unemployment during the season there should be proper implementation of employment guarantee programmes, higher wages in agriculture, training to improve skill and for starting entrepreneurship activities and provide loans without much formalities. Suitable policies are to be formulated to provide the women

labourers with wages on par with their male counterparts. Loans should be disbursed quickly and at lower interest rates, sufficient repayment period and alternative employment sources should be provided in their village itself development programmes should be initiated.

- The importance and benefits of having self-help groups and workers associations should be highlighted. Informal workers can improve their incomes through their own organized efforts and through group solidarity. Participants in the informal sector who have similar problems or who are from the same subsector can form associations or self-help groups to protect and promote their interests.
- Labour unions are generally associated with the formal economy and tend to exclude informal workers. In many developing countries like Armenia, informal labour movement is not developed yet particularly championing the rights of poor agricultural women labourers. By securing better conditions for their members, labour unions can help to tackle poor labour conditions – by promoting human rights, core labour standards, and social responsibility.
- Some approaches look for ways to improve labour market conditions in the informal sector. This approach has the potential to conflict with approaches that emphasize the competitiveness of informal economy enterprises. There is a need to ensure workplace flexibility so as to maintain competitive advantage and the need to keep employment law compliance burdens to a sensible minimum.
- It is necessary to ensure that appropriate policies are put in place, the informal workplace needs to be recognized and understood by policy makers. It is also necessary to ensure that the policy approach is well informed, it need to be evidence based. The availability of periodic and labour force surveys has improved greatly in Armenia. Yet there is still limited information on the informal sector, in the sort of detail that is required for policy making. Greater propriety needs to be given to the collection of data on informal employment, which is a relatively new topic in labour statistics.

- In the formal sector, women face more or less the same constraints and problems as men do. However, these problems and constraints are much more severe for women, working in informal sector. Armenian government needs to keep this fact in view while devising policies and programmes for the labourers of informal sector. Measures should be gender sensitive so that, benefits also reach to women workers. Women should be given priority in the provision of credit.

- Day care centres for the children of poor women labourers working in agricultural sector, should be established through government and NGO initiatives. Women labour should be assisted and encouraged to form associations or group for discussing their problems and taking collective action.

- The informal sector, in whatever way one defines it, is quite large, particularly in terms of its contribution to employment in the country. It is not homogeneous and all the main subsectors of the economy have a component of it. As far as its linkages with poverty are concern, there are two views. According to one view the informal sector consists of marginal and subsistence activities, where the productivity and earnings of its participants remain low. Informal workers enjoy little social protection, and working conditions are very poor. Therefore, the informal sector perpetuates poverty. The second view is that not everyone working in informal sector is poor. Admittedly the vast majorities of its participants have low incomes and live below the poverty line. However, due to a lack of employment opportunities in the informal sector people are force to join the informal sector to earn there lively hood. Without the Informal sector , the intensity of poverty , if not its extent, would be much hire. Therefore, it is necessary to enhance the productivity and earnings of the informal sector.

- It may not be possible to formalize all informal employers and employees. Therefore, the ultimate objective should be to gradually reduce the share and size of the informal sector so that the formal sector grows and the

incomes, standards of living and working conditions of the informal labourers in general improved.

- The informal sector is extremely heterogeneous, and there is a need for a careful analysis of different options for different categories of workers in specific sectors. Where participants in the informal sectors are organized the private insurance industries and the government can negotiate with them a cost- sharing arrangement for social insurance schemes. It is important that government subsidizes the social insurance schemes and that most of the responsibilities for risk cover is not placed on the poor labourers in the informal sector themselves. Government can make major contribution through the social securities programmes for informal workers and poverty reduction programmes. Informal social security systems provided by the family or the community continue to be the major source of social security in the developing country like Armenia. Such systems have been eroding overtime, however, and need to be strengthened.
- 