

## Incomes Disparity along Gender Lines: The Plight of Women in the Informal Sector

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**ABSTRACT** The contributions to development of informal sector activities have received mixed views both in literature and in various policy discourses. This paper examined the gender dimension of incomes in the informal sector, focusing on individuals who were involved in buying and selling across national borders, referred to as Informal Cross Border Traders (ICBT). From a comparative gender perspective, focus was on whether the stated activities were raising incomes of those participating above the poverty datum line. Poverty reduction was considered to have occurred when the informal sector activities had improved their incomes. Surveys were conducted using the questionnaire to collect primary data. Secondary information was obtained from documentary searches at institutions and the internet. While the paper showed that ICBT improved incomes of participants, however men financially benefited more than women. Thus, the analysis revealed a gender bias in favour of men, which needs to be recognised by development practitioners.

### INTRODUCTION

Although ICBT practice has been rising in the Southern Africa region, much of it is not documented. Makombe (2011) noted that, the Southern African Development Community (SADC) adopted a Protocol on trade which addresses issues of relevance to informal traders, but do not seem to adequately take cognisance of the sector and thus do not respond to its needs effectively, since the protocol speaks to trade in general and does not specifically target ICBT. Women being the disadvantaged sex are always hard hit by such policy inefficiency. The SADC Gender Protocol Barometer (2012) stated that the conventional macroeconomic policies and perspectives are gender blind, failing to recognise that women's potential contribution to economic development is systematically discouraged, adversely affecting the economic

health of the region. It goes further to stipulate that women's contribution to the economy is systematically underestimated and that there is an informal and hidden economy made up mostly of women. This indicates that the protocol has not yet resolved ICBT challenges including gender issues which are of concern in the region's development agenda. The Food and Agriculture Organization of the United Nations (2017) special report recommended harnessing rather than suppressing informal trade. The report pointed out that simplifying the requirements of formalising the informal sector among African countries, would boost economic prosperity especially for women.

This paper attempts to give an overview and the experiences of ICBT in the Southern Africa region with a focus on Zimbabwe, and the gender disparity of incomes. It analyses the impact and extend of ICBT on men and women's incomes. Section two highlights past research which has analysed differences between men and women in some developing countries outside the region. Section three presents findings of surveys on the incomes of men and women in cross border trade, conducted during the last quarters of 2009, 2012, and 2015. Section five is recommendations and concluding remarks.

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## Literature Review

The United Nations Development Fund for Women (UNIFEM) (2009) estimated that Informal Cross Border Trade (ICBT) contributes thirty-four percent to intra-SADC Trade, while informal trade in Uganda may be as high as eighty-six percent of the value of official exports. The findings also pointed out that seventy percent of informal cross border traders are women. The Food and Agriculture Organisation of The United Nations Specialised Report (2017) also indicated that women constitute the largest share of informal traders in Africa. It has been estimated that informal employment comprises about sixty-five percent of non-agricultural employment in Asia, fifty-one percent in Latin America and forty-eight percent in North Africa. In sub-Saharan Africa, the figure is seventy-two percent (ILO 2009). Southern Africa Trust (2008) reported that an average value of informal cross border trade in the SADC Region is US\$ 17.6 billion per year to the SADC economy. Higgins (2012) observed that the value of informal cross-border trade in southern Africa, seventy percent of which is conducted by women, is estimated to be above US\$7 billion.

The Southern Africa Trust also pointed out that gender inequalities manifest themselves in informal trade and affect the way in which women make their living. Higgins (2012) and Morris and Saul (2000) pointed out that these gender based inequalities in the access to productive resources cover many different dimensions and include situations where women have to either walk or rely on public transport to get their products to market, as compared to the majority of men who have their own means of transport. The poor quality of public transport infrastructure, results in delays, missed market days and perished goods, and hence increased transaction costs and competitive disadvantages. Babinard and Scott (2009) stated that women spend a higher share of their income on transportation costs than men, eroding their profits and reducing their ability to invest in their business and other productive activities.

According to the Economic Commission for Africa (2010), segmentation of labour in production and distribution resulted in men and women having traded in distinct products in the market places. Morris and Saul (2000) observed that men are more involved in visible cross border trading, trade facilitation and regulatory activi-

ties. On the other hand women cross-border traders were engaged in the sale of unprocessed and processed food, fish, salt and foodstuffs (Economic Commission for Africa 2010). Yusuff (2014) states that returns are minimal for women activities in small scale trade due to the gendered construction of the colonial economy and society, which allowed male access to formal education and employment in the colonial era, where opportunities for meaningful advancement were inclined towards men.

Cagatay (2001) states that women's disadvantaged position was that, time spent on household chores affects women's access to better education, skill acquisition and the ability to earn money, and that women are more vulnerable to chronic poverty because of gender inequalities in the distribution of income, access to productive inputs such as credit, command over property or control over earned income, as well as gender biases in labour markets. Resource allocation is often gender-biased within households as well as in state and market institutions.

## METHODOLOGY

Surveys were conducted to investigate the gender dimension of incomes earned in the informal sector, in the Southern Africa with a focus on Zimbabwe. The paper used the surveys method in which in-depth personal interviews were conducted. Interviews were conducted making use of a questionnaire. Three field works for this paper took place during the last quarters of 2009, 2012 and 2015. The 2009 survey was also part of a PhD study. The surveys focused on men and women who visit Zimbabwe's neighbouring countries and any other as their countries of destination. The traders were either in Zimbabwe, the country of origin, or South Africa during the time of interview. Only Zimbabwean traders were targeted. Data was collected on types of goods traded, incomes earned, sources of capital to start business, and period in business.

### Sampling and Interviewing

Random purposive sampling was used for choosing men and women informal cross border traders. Interviews were conducted on a random but purposive sample in towns and rural business centres of South Africa and Zimbabwe. Traders who go to countries other than

South Africa were interviewed during their stay in Zimbabwe. Interviews were conducted both in urban and rural sites, and the population sample comprised both rural and urban, men and women dwellers. In the last quarter of 2009, 355 questionnaires were distributed, 310 questionnaires (87.3%) were successfully interviewed. In the last quarters of 2012 and 2015 surveys were conducted with 50 questionnaires in 2012 and 50 questionnaires in 2015, all were successfully interviewed.

### Data Processing and Analysis

The data were processed using the Excel Package. Responses from interviews and open-ended questions were summarized and were used to explain the responses in the closed ended questions or as justification for some questions or concepts. The analyses of data closely followed the surveys objectives, highlighting men and women earnings from ICBT activities. Descriptive statistics and analysis were used to estimate the disparity of incomes between women traders and men traders.

The poverty datum line (PDL) measure was used. The World Bank defines poverty in absolute terms. The bank defines extreme poverty as living on less than US\$1.25 per day and moderate poverty as less than \$2 a day. The study uses the Poverty Datum Lines (PDLs), to represent the cost of a given level of living which must be attained for a person to be deemed not poor, and it was used for comparisons of the traders' poverty status before and after they engaged in ICBT activities. The Poverty Datum Lines (PDLs) of Zimbabwe as of Decembers of 2009, 2012 and 2015 stood at US\$552 per month, \$539.78 per month, and \$491.26 per month respectively. These figures were based on an average family of five people. According to the Central Statistics Office (2009), these figures indicated amounts needed for food, and for basics such as accommodation, transport to get to and from work, school fees, clothes, among oth-

er basics. There was no provision for luxuries. These PDLs focused on both rural and urban residents. The figures were far much higher than the UN poverty line of less than US\$1 per day. The method was chosen since it enables poverty comparisons over time and in this case the income levels before engaging in ICBT activities were being compared with income levels after engagement in ICBT activities.

## RESULTS AND DISCUSSION

### Traders' Sources of Start-up Capital

The analysis as shown in Table 1 indicates that twenty percent of the respondents sourced capital from relatives. Relatives cited as lenders of initial capital include parents, sisters, brothers, cousins, aunts and sometimes in-laws. seven percent and eight percent of the respondents got support from lending institutions and informal networks, respectively. Informal networks are group of informal traders who take turns in raising capital for each and every member at different times. Those two sources of capital were least influential in financing informal traders. One of the reasons may have been that, some traders do not want to apply for loans from formal institutions as the institutions expect repayments within stipulated timeframes, which they may be unable to meet. Thus most traders were reluctant to approach such institutions for funding. On the other hand, it was said that these two sources of capital were least prepared to finance informal traders. Some traders indicated that credit institutions were not viable alternatives for raising capital, since these institutions considered the ICBT a risky business area. Other traders indicated that they approached credit institutions but were turned down because of their lack of collateral. The analysis indicates that a significant proportion of men, twenty-six percent of the respondents used initial capital from their own savings. On the other hand, rel-

**Table 1: ICBT Source of initial capital by gender**

	<i>Own savings %</i>	<i>Spouse %</i>	<i>Relative %</i>	<i>Lending institution %</i>	<i>Informal networks %</i>	<i>Total</i>
Female	18.0	19.0	9.0	4.0	4.0	54.0
Male	26.0	2.0	11.0	3.0	4.0	46.0
Total	44.0	21.0	20.0	7.0	8.0	100.0

atively fewer women, only eighteen percent of the respondents got capital from their own savings.

This shows that men got capital from own savings more often than women. A substantial proportion (19% of the respondents) was women who got support from their spouses, while only two percent of the respondents were men who got support from their spouses. This finding shows that more women got support from their spouses, than men. One of the reasons for this difference is the different gender roles. While men are employed in income earning jobs, most women are housewives who are engaged in household chores which are not valued. Consequently, men access more income generating opportunities and had more savings, than women.

Though gender mainstreaming and empowerment programmes are being promoted in Zimbabwe, gender balance is not yet established. Women still lag behind in terms of formal employment. Therefore, in times of economic deterioration and retrenchments, men were seen to have own savings from severance packages. On the other hand, most women whose main function is household chores do not earn financial incomes. Moreover, with the different gender roles within a household, women are expected to provide for the family in the domestic sphere resulting in many income earning women using their money on their families and not being able to save any. This may indicate that the harsh aspects of poverty are mostly borne by women than men.

### *Challenges Faced by Traders by Gender*

The paper revealed that some of the problems encountered in sourcing start-up capital included too long a time to raise capital as banks did not have foreign currency, the unstable exchange rate which reduced the value of raised capital, and the unwillingness of both institutions and individuals to lend. These problems were some of the symptoms of the economic meltdown which was taking place in Zimbabwe during times of survey periods. The findings (Table 2) point to the fact that, traders were encountering problems in their operations, and of those encountering problems, women traders were facing more challenges than men, thus resulting in women earning relatively less incomes than men.

### *Influence of Types of Goods Traded on Incomes of Traders*

The analysis (Table 3) shows that men trade mainly in arts and crafts in countries of destination.

Women do not engage much in arts and crafts (wooden and stone) which are heavy to carry and take long to sell. Women do not want to stay away from their families for long periods, thus they would not deal in items that take long to sell such as crafts. This is in line with some previous studies which noted that women's family concerns contributed to women engaging in knitwear and dried vegetables which take less

**Table 2: Challenges faced by ICBTs, by gender of ICBT (some multiple responses)**

<i>Problem/ Challenge</i>	<i>% Female facing challenge</i>	<i>% Male facing challenge</i>	<i>% of respondents facing challenge</i>	<i>% of respondent not facing challenge</i>	<i>% Total of respondent</i>
Problems in raising initial capital	28.0	24.0	52.0	48.0	100.0
Source of funding still unreliable	16.0	14.0	30.0	70.0	100.0
Changes in items traded	35.0	25.0	60.0	40.0	100.0
Problems in accessing foreign currency	36.0	28.0	64.0	36.0	100.0

**Table 3: Types of goods sold in country of destination by gender of ICBT**

	<i>Clothing %</i>	<i>Agricultural products. %</i>	<i>Arts andcrafts . %</i>	<i>Knitwear %</i>	<i>None</i>	<i>Total</i>
Male	6.0	3.0	23.0	4.0	10.0	46.0
Female	7.0	9.0	16.0	10.0	12.0	54.0
Total	13.0	12.0	39.0	14.0	22.0	100.0

time to sell. There were more female traders who brought agricultural products into destination countries; only twenty-five percent of respondents in that category were males. In the Knitwear category, the majority (71% of the respondents) were women. Knitwear and agricultural products being traded included dried beans and dried vegetables which are of less value at the market, resulting in relatively low incomes for women.

The analysis shows that in the country of origin, more men than women are engaged in spare parts and raw materials trade, which are more valuable than the clothing and household goods mostly traded by women (Table 4).

#### *Influence of Economic Environment on Incomes of Traders*

Results from the surveys revealed that the proportion of male to female who entered ICBT increased over time. This shows an era characterised by relatively fewer traders in the 1980s, followed by a gradual increase of traders in the 1990s, and then a sharp rise (from 4.8% to 39.4%) in ICBT after year 2000. The majority (74.8%) of respondents started to engage in ICBT after the year 2000. This rise may be attributed to the deteriorating economic environment in Zimbabwe during the survey periods, which pushed people into the informal sector resulting in an increased number of people engaging in informal cross border trade. The increased proportion of male participation in ICBT could have been due to the economic hardships in Zimbabwe, which resulted in an increased number of people being retrenched from work. The majority of the retrenched were men since the formal sector was dominated by men.

As a result of economic deterioration, engaging in ICBT activities became a survival strategy. The analysis indicates that most men (more than half of the traders after year 2000) entered ICBT after being retrenched or when companies

closed. They started trading having some form of savings or severance packages and also had experience and exposure from work, enabling most of them to import spare parts for machinery, vehicles and raw materials from countries of destination. Such high value goods gave them an advantage over women resulting in them having relatively better incomes from trading.

#### *Incomes and the Gender Dimension*

Findings from all the three surveys indicated that the monthly average incomes from ICBT were above the Poverty Datum Lines. However, the monthly average income for women was relatively lower than the total average. On the other hand the average incomes for men were above the total average monthly incomes. This implies that financially men were benefiting more in ICBT activities than women. This could be due to gender inequalities in accessing productive inputs. In this study more men had own resources to start up ICBT activities, on the other hand the majority of women relied on support from spouses or borrowing (Table 1).

The findings indicate that incomes disparity is an important dimension of gender inequality. Gender based relations help perpetuate incomes disparity between men and women, contributing to the poverty not only of women but also of families, since some women are bread winners in their families. This also supports the proposition that women are more vulnerable to poverty than men. This disparity needs to be addressed as it will contribute to development in Africa as mentioned by Ncube (2016). At a workshop titled, 'Harnessing Gender for Inclusive Trade' hosted by the South African Institute of International Affairs (SAIIA) and the University of Adelaide's Institute for International Trade (IIT), Ncube emphasized that if women enjoyed the same access to resources as men, the continent would be able to produce

**Table 4: Types of goods imported and sold in country of origin by gender of ICBT**

	<i>Groceries %</i>	<i>Clothing %</i>	<i>Spare parts and raw materials %</i>	<i>Household goods %</i>	<i>None %</i>	<i>Total</i>
Female	39.0	4.0	1.0	6.0	4.0	54.0
Male	29.0	3.0	4.0	5.0	5.0	46.0
Total	68.0	7.0	5.0	11.0	9.0	100.0

twenty-thirty percent more than it does, and this would significantly improve prospects for poverty reduction, household income, investment and trade.

### CONCLUSION

The paper revealed that, although ICBT used to be an informal activity dominated by women, during times of economic hardships characterised by unemployment, both men and women engage in ICBT as an alternative source of income. The paper also revealed that men's incomes in informal activities are higher than those of women. The explanation behind this finding is the different scales of business and business networks. Men engage in informal activities on a relatively larger scale than women, usually selling goods which fetch higher prices than women. Women's incomes were lower as revealed by the women's average income which was lower than that of men. Women were also the majority who did not have savings to use as start-up capital. The findings imply that even in the informal sector, business engagement is still tilted in favour of men.

Developing countries have been mainstreaming gender issues into development projects and programs. Although achievements have been realised in most areas, this paper reveals that women still lag behind their male counterparts in the informal sector. The analysis reveals that women face more problems in securing business capital than men. Gender disparity was revealed in incomes from trading, where the average income for men was higher than that for women.

### RECOMMENDATIONS

In the Southern African countries such as Zimbabwe, the gender policy is already in place. Government needs to focus on the monitoring and evaluation of gender programmes to inform implementation of projects and programmes. The disparity along gender lines revealed, call for a concerted effort to keep on mainstreaming gender issues into development strategies. When mainstreaming gender issues, there is therefore need to disaggregate data on gender basis to

inform policy, as fair competition between men and women do not address the gender bias.

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