

THE GROWTH AND INVOLVEMENT OF WOMEN IN THE INFORMAL SECTOR IN TANZANIA: THE CASE OF THE URBAN INFORMAL SECTOR

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1.0 Background

Tanzania is estimated to have total population of 32 million people in 1998 (World Bank, 2000). More than 80% of the population resides in rural areas and the majority depends on agriculture for their subsistence. Agricultural production accounts for over 45.7 percent as value added to country's Gross Domestic Product (GDP) and the current growth of population is estimated at 2.6 percent per annum (ibid.). Out of the total population, urban population accounts for 29 percent. The average annual growth rate of urban population was estimated to be 11.3 percent between 1980-87 (World Development Report, 1994). In the urban areas, most of people are employed in factories, government institutions and private offices. A substantial proportion of women and youth in urban areas is employed in the informal sector.

Despite being peaceful and rich in natural resources, the country has predominantly remained poor with low levels of living and productivity that have bred deteriorating living conditions and life hopelessness in the country. Tanzania is one of the poorest country in the world with about 50 percent of Tanzanians live in poverty, out of which 42 percent live in abject poverty (World Bank, 1997:1).

It is argued that economic malaise in Tanzania is the result of the government's pursuance of inappropriate macro and micro economic policies in the 1980s, the result of which is failure to create enabling environment for a sustained, stable and rapid economic recovery and growth. Pursuance of inappropriate policies is blamed for wrecking the overall economic performance but agricultural performance in particular (Elbadawi, et. al., 1992, Mbilinyi and Gooneratne, 1992).

Structural Adjustment Programmes (SAPs) are also blamed for working against most of the poor, particularly women. SAPS intensified poverty as they caused a reduction of investment for development and the basic services essential to improvement of the welfare of the poor. Structural Adjustment Programmes also contributed to this problem in terms of freezing of employment and retrenchment of workers (World Bank, 1994).

As a result of economic decline, the rate of growth declined from more than 5 percent in the late 1960s to 1.7 percent compared to the rate of population growth of 3.3 percent in the early 1980s. Country's exports which were mainly composed of agricultural produces fell from 20 percent of GDP in the 1960s to just over 6 percent in 1985. On the other hand country's ability to import declined from over 31 percent of the GDP in the early 1970s to 15 percent in 1985, and government budget deficit reaching 16 percent of GDP in 1982(Faezeh, 1993).

Despite the government efforts to solve the menacing economic crisis, the dividends of such measures (SAPs) have neither deterred nor arrested the deterioration in living conditions of the majority of the poor, mostly are women and children in particular. The dividends of SAPS attained to this end are still not enough to reduce the incidence of poverty. As a result per capita income and basic human welfare indicators have fallen during this time period. For example, per capita GDP has fallen to the 1960 level and primary school enrolment rates plunged below 50 percent from an average of 80 percent during the 1980s(World Bank, 1995).

Tanzania is therefore challenged not only by the need for economic growth but also by the need to tackle problems of widespread poverty with its allied consequences.

1.1 The Impact of SAPs and Poverty on Urban Women

One of the dominant features of urban poverty in the majority of African countries is that of unemployment and underemployment. In these countries urban unemployment was estimated at 6 - 12 percent of the economically active population in 1993 (ADB, 1994). These rates are considerably high for females. In these countries urban unemployment for educated people is partly contributed by a mismatch between labour supply from the educational system and the market demand for labour (Loayza, 1997, ABD, 1998).

According to the Labour Force Survey of 1990/91, unemployment in Tanzania was 3.6 percent in 1991. Just like in other developing countries, unemployment and underemployment in Tanzania are essentially urban phenomena, and therefore unemployment is more pronounced in urban areas than in the rural areas (Bureau of Statistics and Ministry of Community Development, Women Affairs and Children, 1995). Unemployment and underemployment in our urban areas are on the increase due to the fact that urbanisation has been taking place at the rate higher than the capacity of the country to generate wage earning employment opportunities. Whereas the labour force was estimated to grow at the rate of 5 percent (300,000) per annum, the formal sector was only able to create less than 3 percent (20,000) new employment opportunities per annum between the 1985 and 1988 period (The Daily Mail 26/2/1999. Nation-wide, it is estimated that each year over 500,000 young Tanzanians enter the labour market which can only absorb less than 40,000 people. In Dar es Salaam out of a workforce of 1.9 million people, 700,000 youth have no formal employment (ibid.). That is to say they are either employed in the informal sector or unemployed at all.

The Structural Adjustment Programmes, the inability of the labour market to absorb the ever increasing number of school, college and university graduates coupled with the

freezing of employment and retrenchment of workers have partly contributed to unemployment in the country. For example, it is estimated that since the beginning of civil service reform in 1992, the overall government employment has been reduced from 337,260 to 264,398 by 2000 in order to reduce the public sector wage bill (The Business Times, November 2-8, 2001). On the contrary, personnel cuts have had little financial implications on the government's budget, as such cuts disproportionately affected low paid employees at the bottom of civil service. Such a move has increased the number of people who are already unemployed in the urban areas.

Retrenchment exercise has disproportionately hurt women more than men because of the nature of their occupations and their levels of education (TGNP, 1992). This is because, female career choices have always been directed toward education programmes that are unlikely to equip them to substantially increase not only their employment opportunities but also their earnings (Bellew and King, 1991). Women's areas of study limit their employment avenues or earn them a reasonable income and increase their vulnerability to workforce downsizing. Most permanent job opportunities for women have concentrated in the so called 'Traditional Female Occupations' such as teaching, nursing, cleaning and clerical works (TGNP, 1992). In Tanzania women account for 39 percent of all service employees and 45 percent clerks, compared to only 26 percent of all professionals, 14 percent of administrators and managers (ibid.). In all other sectors, except in domestic work, women have to compete with men and hence unemployment is widespread particularly for women.

Women have also been hurt by retrenchment exercise more than men because of poor work performances due to many tasks that women have to perform within the households chores and society at large, for example attending sick children, breast feeding and cooking etc. As a result wherever financial problems occur in the public or private sector such downsizing exercises have touched the low levels of the occupational ladder, where most women are located

There is no doubt that when all the 398 public enterprises/parastatals earmarked for privatisation, are all privatised majority of women will be out of work. Labour market for uneducated women in urban areas is in particular limited.

Economic decline, rapid urbanization, unemployment and inability of the formal sector to generate employment opportunities have therefore forced more men and women in our urban centres join and subsist on the ever-expanding informal sector.

2.0 Overview of the Informal Sector

Labour markets studies in developing countries have traditionally viewed the developing countries to exhibit a distinct but interrelated dual market structure. In this interaction economies are sectorised to constitute on one hand the traditional or the informal sector and on the other the modern or the formal sector. The informal sector is viewed as the disadvantaged segment of the market with a number of negative consequences such as the lack of job protection and low incomes for the participants. In this context, the informal sector is regarded as not only the pool of job seekers but also a source of labour

for the formal sector (Bennett, 1995:229). Consequently, for the economy to grow it should exhibit a gradual transfer of the underemployed or surplus labour from the informal sector to the productive and protected formal sector (ibid.)

However, most recent studies of labour markets in developing countries appreciate the existence of the dual labour market structure and a positive role that is played by the informal sector to the economy. Accordingly, the existence of the informal sector is not only viewed from the participants' side but also from the institutional side. To a large the, existence of the informal sector has been regarded as a response on the part of those who for some reasons are denied access to the formal sector or are bypassed by the social and economic benefits of the formal sector economy. However, in most developing countries some of the informal sector operators are also employed in the formal sector.

Maloney, (1998) argues that the large size of the informal sector signifies the extent of malfunctioning, distortions and inefficiencies in labour markets, whereas, Loazya, (1997) argues that the existence of the informal sector is rather a result of the political institutions failure to foster an efficient market economy. He further argues that the excessive taxes and regulations that make the formal sector unattractive bring about such failure. High entry costs in the form of license fees; registration requirements, corruption, redtapes are among the major reasons for a steady growth of the informal sector economy in developing countries (ibid.). Although aimed at supporting the growth of the formal sector while undermining the growth of the informal sector, such measures have instead or implicitly fuelled the growth of the informal sector (UN, 1996).

It is further argued that, the expansion of the informal sector is a result of failure by the urban and rural sector to generate enough employment opportunities as compared to population and labour force growth (ibid.). It has been observed that, despite increases in agricultural output in some countries, employment in agriculture has not increased significantly- rather it has been stagnating or falling. The need to create additional jobs outside agriculture has therefore been increased and hence the growth of informal sector.

2.1 Approaches to and Definitions of the Informal Sector

There is no single acceptable definition of the informal sector and hence informal sector has taken differing meanings and perspectives according to different authors.

Maliyamkono and Bagwacha (1990) have looked at the informal sector as the second economy. They implicitly define the informal sector to comprise the economic activities that are not recorded or are underenumerated in the official GDP statistics.

Benton, et. al. (1989:12) have defined the informal sector as a process of income generation that is unregulated by the institutions of the society, in a legal and social environment in which similar activities are regulated.

De Soto (1989) has defined the informal sector as the set of economic activities that do not conform to government-imposed taxes and regulations.

The ILO (1972) has identified the informal sector to comprise the following characteristics: easy of entry, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour intensive and adapted technology, skills acquired outside the formal schooling system and unregulated and competitive market.

The International conference of labour Statisticians defines Informal sector as: "Informal own-account enterprises as enterprises in the household sector owned and operated by own-account workers, which may employ family workers and employees on a continuous basis. Informal sector enterprises engage in the production of goods or services with the primary objective of generating employment and income to persons concerned, and typically operate at a low level of organisation with little division between labour and capital as factors of production and on a small scale" (UN-The World's Women 1995:116). According to this definition, informal sector does not include subsistence economy, which is included in the national accounts, non-market production and agricultural activities.

Some of the names attached to informal sector have a negative image (Omari, 1995; The Courier, February, 2000). These include:

Unofficial	Parallel	Undeclared	Concealed
Clandestine	Alternative	Marginal	Independent
Submerged	Invisible	Illegal	Unobserved
Fraudulent	Hidden	Secondary	
Underground	Dual	Secret	Black
Irregular	Peripheral	Disguised	

What is deduced from these names is that, what the names portray is nothing new but defining informal sector in terms of the formal sector. These definitions show the relationship between the formal sector and informal sector, which has a negative image and stance. Omari (1995:6) argues that, the informal sector should be understood as economic activities characterised by levels of operation and capital investments that are less bureaucratic with simple and manageable technology.

Artisan activities, small trade, small scale transportation and all kind of services, hair salon and beauty clinics, food preparation and food selling, tailoring, kiosks etc. in urban areas make up the urban informal sector in developing countries.

In this paper informal sector is defined to comprise unregistered, small scale and informally organised activities"(Bureau of Statistics and Ministry of Community Development, 1995:62).

3.0 Growth, Role and the Size of Tanzania's Informal Sector

The informal sector is not exclusive to Tanzania but is a well-known and appreciated economic phenomenon in most developed and developing countries. The informal sector has become a sanctuary for the provision of income and livelihood for the majority of rural and urban dwellers. The informal sector is playing a significant role in helping the

poor to cope with the maladies of economic decline and in particular urban poverty. For example, this sector provides employment to more than 50% of the labour force in most developed countries. It is also estimated that in Asia and the ASEAN countries about 60 to 70 percent of the jobs are created by this sector (The Courier, February 2000). In Africa the sector accounts for a significant part of urban employment with about 67 percent of people derive their livelihood from this sector. (The World Bank, 1997). In terms of its contribution to gross domestic product, informal sector activities in African countries account for about 20 percent, in other countries it is even higher (ibid.)

In Tanzania, the urban informal sector was practically unknown in the 1960s. During colonial era, urban centres were designated not only as administrative and commercial centres but also centres for whites and Asians. In this regard, in most African countries indigenous people were only allowed to these centres as cheap labours. The urban informal sector was not well developed in Tanzania during the 1960s and early 1970s due to government urban containment policies such as repatriation of those who could not find formal employment in urban areas. However, evidence from various studies has indicated that the informal sector took a new dimension on the eve of the economic ravages of the 1980s (Omari, 1995). It is during this same period that Tanzania began to experience a progressive increase of female employees in the labour market and their involvement in the informal sector. In Tanzania women account for only 20 percent of wage and salary employment. This implies that the remaining 80 percent of women is either taking part in agriculture, informal sector or un-employed (ibid.).

It is estimated that about 2.4 million people have been employed in the sector since 1991 (Bureau of Statistics and Ministry of Community Development, Women Affairs and Children 1995). The national informal sector survey of 1991 indicated that these people were employed in over 1.8 million informal enterprises. This indicates that 22 percent of the total labour force in Tanzania is engaged in the informal sector out of which, 15 percent in rural areas and 56 percent in urban areas. Women in the informal sector constitute 35.75 and 34.33 percent of all operators and employees respectively. The survey also indicated that the informal sector harbours about 31 percent of the urban employed population. The informal sector enterprises had a value added of T.Shs 183.4 billion which is 32 percent of the total official GDP in 1991 current prices out of which about 57.1 of the sector's total value added is attributed by restaurant and hotel activities (ibid.). It is evident that the sector is not only playing such a significant role to the economy but also growing and therefore an important force to reckon with. The following is the informal sector Employment/Operation distribution in 1991.

Table 1: TOTAL INFORMAL SECTOR OPERATORS/EMPLOYEES BY SEX AND GEOGRAPHICAL LOCATION MAINLAND TANZANIA IN 1991

OPERATORS	GEOGRAPHICAL AREA			
	DAR	OTHER URBAN	RURAL AREAS	TOTAL
SEX				
MALE	106979	217814	794785	1119578
FEMALE	91655	195810	335631	623096
TOTAL	198634	413624	113416	1742674

% MALE	53.90%	52.66%	71.335	64.25%
% FEMALE	46.10%	47.34%	29.67%	35.75%

EMPLOYEES				
SEX	DAR	OTHER URBAN	RURAL AREAS	TOTAL
MALE	83993	136712	190812	411516
FEMALE	33332	83809	98049	215190
TOTAL	198634	220521	288861	626706
% MALE	71.59%	62.00%	66.06%	65.67%
% FEMALE	28.41%	38.00%	33.94%	34.33%

Source: Bureau of Statistics and Ministry of Community Development, Women Affairs and Children 1995

Table 1 signifies that there is a large degree of self-employment in the informal sector. Whereas 74 percent of all those engaged in the sector were operators (sole proprietors) and 26 percent were employees. It can also be deduced that, out of the total workers of the informal sector, 39.92 percent are urban dwellers out of which 33.7 percent are women compared to 66.3 percent for men. Dar es Salaam harbours 33.32 percent of all urban informal sector operators and employees.

The following table shows total informal sector employment.

Table 2: Total Informal Sector Employment by Industry Group, by Geographic Area and by Sex.

INDUSTRY GROUP	DSMTOTAL	Other UrbanTOTAL	RuralTOTAL	TOTAL		
				Male	Female	TOTAL
Agr. & Fishing	21835	104490	110052	188063	48314	236377
Mining & Quarry	0	17400	4321	18723	2998	21721
Manufacture	44219	77529	404501	395247	131002	526249
Construction	22327	28785	112326	162216	1222	163438
Trade/rest/Hotel	203200	3359325	651175	575389	638311	1213700
Transport	4419	7758	65893	75292	2778	78070
Community & Personal Services	19958	38858	71009	116164	13661	129825
TOTAL	315958	634145	1419277	1531094	838286	2369380

Source: The Planning Commission and Ministry of Labour and Youth Development (1991)

From the above table, it is deduced that 50 percent of the informal sector labour force is engaged in the trade, restaurant and hotels while manufacturing employs 22 percent, urban agriculture and fishing employs 10 percent. More than 75 percent of all females in the informal sector are engaged in trade, restaurant, and hotels compared to only 38 percent of all males. The reason behind a high percentage of female in trade, restaurant and hotels activities may be due to the nature of education system (formal and informal) that have tended to mould women to these traditionally women activities.

4.0 The Involvement of Women Entrepreneurs in the Tanzania's Urban Informal Sector

Evidence from various studies has shown that informal sector activities have historically been one of the most unremunerated or underreported not only for men but also for women. This is because over years and among countries, the informal sector has been defined to include activities, which operate outside the mainstream economic activities and therefore subject to tax evasion (De Soto, 1989). Consequently, women entrepreneurs who have taken shelter in the informal sector and subsistence agriculture have often been underestimated in official statistics. Most of their work is therefore not included in the national income accounts. For example it is estimated that about 80 - 90 percent in Sub-Saharan Africa, 50 - 60 percent in Asia and 46 percent in the Caribbean of food is produced by women (Business Times, October 16, 1998). It is this very reason that has justified undertaking of this study on the factors for the increasing involvement, place and problems of women entrepreneurs involved in the informal sector.

4.1 Women categories in the informal sector

Women entrepreneurs in the informal sector in Tanzania can be categorised into the following three groups. The first group consists of women who are in full-time employment, however, due to the falling real wages households could no longer dependence on income from wage employment. Consequently, this has forced women to engage in the informal sector on part time basis so as to generate some income to bridge the gap between income from wage employment and the household expenditure. It is argued that this group would not exit their full time employment for fear of losing the security they get out of their wage employment (Rutashobya, 1995, Omari, 1995). The group is economically stronger as compared to other groups in the informal sector. This is because, besides having the needed qualities to keep them in the formal sector, these qualities also enable them to access other economic resources in the formal sector through sub contacting arrangements (The Business Times, 14 May 1999).

Another group consists of full time businesswomen entrepreneurs. This group include on one hand, those women who were previously employed in the formal sector but eventually resigned from formal employment to start their own businesses because of the factors discussed above. On the other hand, this group includes those women who have been retrenched from wage employment as a result of the on-going public and parastatal sector reforms. These women have been forced to enter the sector as an alternative to formal employment so as to continue supporting their families under the rising costs of living in all spheres of life. This group too has a strong economic base due to their former experience in the formal sector. The formal sector exposure and experience enable them to access economic resources in the formal sector for example credits, training etc.

The last group consists of women who had never been employed in the formal sector or getting a wage employment. The group comprises the less or non-educated, poor, unskilled women who cannot be employed in the formal sector. The enterprises in this group are essentially house-based mostly female headed and managed, and members of

the family particularly unpaid female labour carry out entrepreneurial activities (ibid.). This last group is the one that faces many difficulties in the establishment and expansion of businesses in the sector, yet it is the group that mainly dominates the informal sector.

4.2 Motivational factors for Women to enter the informal sector in Tanzania

As it has been shown by various studies in other countries, a continuing involvement of women entrepreneurs in the Tanzania's informal sector is also linked to the socio-cultural and economic factors. In the following section, we will discuss the factors behind women's progressive involvement in the Tanzania informal sector.

Poverty and declining urban incomes

It has been pointed out above that one of the main reasons why most women enter the informal sector is the long term deterioration of living, poverty and economic difficulties facing the country. The incidence of poverty is in particular a major reason for an increased involvement of women in the informal sector. Women had to enter the informal sector so as to supplement household incomes and supply the basic needs to the households. Among all women interviewed, 96% started small business in order to increase or support family income. 4% of the women said that they started small business not only to increase family income, but also to help them to be self employed, especially female youths who have just completed standard seven. Of all women interviewed, none said that she entered the informal sector in order to be independent.

It has also been revealed that although these women are married (96%), with husbands who are working in different organisations, their incomes are not enough to support family needs. Therefore, they have been forced to start small business by life situation so as to support family income and needs under the increasing cost of living. Thus, it is poverty accompanied by lack of income-earning opportunities, rather than profit incentives that motivates an increasing number of women to enter the informal sector.

Unemployment

Studies on labour markets in Africa have indicated that, one of the distinguishing features of urban life in developing countries is the problem poverty compounded by the lack employment opportunities. The leading motive for women to enter the informal sector in our urban areas is therefore the lack of employment opportunities. The inability of the labour market to absorb the ever-increasing number of school, college and university graduates, and the inability of the formal sector to generate wage earning employment opportunities is one such major reason for women to enter the informal sector. Because of unemployment problem, women have to enter the informal a last resort of obtaining income. This study has shown that about 54% of the women in the informal sector had never have any salaried employment. 46% have been employed once in various organisations, however, some left their jobs because they were retrenched or have been forced to retire because of age limit. The study has also shown that some left their formal employment because were not satisfied with the salaries they were getting. It is argued that, as a result of the falling real wages and hence the erosion of urban purchasing power households could no longer depend on income from wage employment. Consequently, this has forced women to engage in the informal sector so as to generate some income to

support family needs than depending on income from wage employment, which is not sufficient anyway.

Low Education Levels

Another reason that has contributed to an increased involvement of women in the informal sector is their level of education or none. Due to this most women fail to enter the competitive formal sector, which needs higher levels of education and other specialised skills. In this study 52% of the women interviewed were primary school leavers and 34% were form four leavers and the rest had post-secondary education. Women with low education levels have been forced to enter the informal sector because of the inability to enter the competitive labour market (formal sector).

Easy of entry

The informal sector has become attractive to women not only as result of reasons mentioned above but also because of easy entry. It is easy to start, operate and manage, as a small amount of capital is needed to start such businesses as compared to the formal sector. And most of the informal sector activities are run as family businesses employing the family labour. The enterprises are small in operation and do not need high initial investment expenditure, which is outside affordability of most women.

Most of the activities in the informal sector are also mainly labour intensive and use adaptive technology. In many of the enterprises, skills are acquired outside the formal schooling system by apprenticeship or on- the- job training. When compared with the characteristics of the informal sector as outlined by ILO (1972), the formal sector is said to comprise entry barriers, frequently relies on imported and expensive technologies or resources which women cannot afford. Its large scale of operation, capital intensive and often imported technology uses formally acquired skills and protected markets. Most of these requirements are out of reach of poor women in the informal sector. The study has shown that initial capital for most activities by women ranges between Tshs. 20,000 (US\$ 20) for trading and Tshs. 350,000 (US\$ 350) for livestock keeping.

In conclusion is that, despite the reasons discussed above, poverty and economic crisis are the major reasons behind the growth of the informal sector and the involvement of women in the sector. Poverty coupled with marginalization of women that is brought about by the socio-cultural, political and economic factors have laid a ground for perpetuation of poverty among women and so their increased involvement in the informal sector.

5.0 Problems facing Women involved in the Informal Sector

Although business creation process by men and women follows the same sequence i.e. start up, survival and growth, but the problems facing women are of a different dimension. This is because of the social, cultural and economic factors. In addition, gender discrimination that prevails at various levels over the world has as a result limiting women's avenues for growth and development of women-owned enterprises.

In this section, we will present the problems facing women entrepreneurs in the informal as per study undertaken in Tanga Municipality in Tanzania

Women's Access to Credit

A major problem facing women in the informal sector is the lack of access to secured formal credit markets. Accessibility to credits by women has become a problem because of the requirements of high collateral and other legal prerequisites of lending institutions. Additionally, women's access to formal credit markets is limited by smallness of their activities. These activities not only exclude them from the benefits of large-scale operation but also the benefits accruing from market and financial economies. Smallness of businesses plus the inherently born bank's scepticism about women ability to pay the loans has forced women to depend on their own sources of funds. Women's source of capital and access to credits is thus limited to their own savings and assistance or credits from friends. The survey has shown that about 62% of the activities are financed from these sources. The other important sources include moneylenders (PRIDE, SEDA, POVERTY AFRICA etc), co-investor and women's informal groups like rotating groups (UPATU), and donor supported special grants. It was also observed that it is only 4% of a total number of entrepreneurs who secured their capital through Bank institutions. This result agrees with results elsewhere that banks and other local financial institutions in Tanzania have been reluctant to lend money to local investors (The Guardian, Friday, 13th November 1998). It is estimated that banks in the country have given more than 90 percent of their loans to companies owned by aliens or Tanzanians of Asian origin. Whereas less than 5 percent had been loaned to indigenous Tanzanians, the other 5 percent has been loaned to parastatal entities (ibid.).

Evidences have also shown that women do not benefit from moneylenders either because they are not aware of their existence or because of high interest rates attached to these loans. From the table below (4), we can see that most of women received the loan with 10% interest rate, (75%) of all women who have received loans. Loans with 10% interest rate were received from Community Development Office (CDO), and loans with 30% interest rate were received from PRIDE or other lenders. From this information we can learn that, most of the women cannot afford to pay higher interest rates.

Table 3: Loan Application

Type of activity	Received any Loan?				Interest rate attached with loan			
	Yes	%	No	%	10%	%	30%	%
Food processing	6	75	2	25	6	75	-	-
Trading	20	50	18	45	18	90	2	10
Livestock keeping	10	56	8	44	6	60	4	40
Poultry	2	33	4	67	2	100	-	-
Tailoring	4	100	-	-	4	100	-	-
Farming	6	50	6	50	6	100	-	-
Others	4	33	8	67	6	100	-	-
Total	52	52	46	46	46	92	6	15

Source: Survey data 2001

Lack of Business Skills and Knowledge

Despite the fact that most of women in the informal sector have low education levels, however, given the characteristics of the informal sector and evidence from this study have shown that the problem facing the women is rather the lack of specialised skills and not formal education. These women lack knowledge of how to run and manage small businesses. Against this background, it means that women start their businesses without the adequate skills and experience and they lack exposure and experience for dealing with financial institutions, which act as an added constraint to access credits.

Limited Markets

One of the characteristics of the informal sector is that it exhibits no entry barriers. This implies free entry and free exit. In this regard, there is an escalating competition in the informal sector. This is because there are too many people producing or selling the same good or rendering the same service, the result of which is a decline in a customer base and profitability. In this study most women (60 percent), have lamented the lack of markets or low prices for their produce as a major problem facing them. For example for livestock keepers a price per litre of milk is selling between Tshs. 120 to 150/=, whereas in other areas in the country the average price between Tshs. 300 and 350/=. Another example is that of women at Mwambani area in Tanga Municipality where they are engaged in Seaweeds agriculture (Mwani in Kiswahili) production for export purposes. Although this produce is fetching foreign exchange for the nation, but because of lack of readily available markets and protection from exploitation by government authorities, women are forced to sell their produce to a private buyer who pays them Tshs 50 (US\$ 0.055) per kilo.

Inadequate Sites/Location

The problem of inadequate sites or premises for their operation is another problem facing women in the informal sector. The most common premises/locations for the informal activities are within the house or dwelling of the operator. Other informal sector activities are operated from no fixed locations such as school and hospital premises; bus stands, along roadsides. From this study, 96% of all women were operating their businesses outside their houses, and only 4% had permanent locations. However, these locations are not meant for such purposes and thus subject to harassment from local authorities

Lack of support from the family/Husband

As it has been pointed out above that one of the main reasons why women enter the informal is poverty and therefore women had to enter the informal sector so as to supplement household incomes and supply the basic needs to the households. However, in this study it has been discovered that once a wife starts a business, the husband stops supporting the family needs. Due to lack of support from spouse, most businesses fail to excel or even pay back the loan. At times, instead of a business loan been used to finance the business is used to finance other family matters. It has also been learnt that there is a significant number of women loan defaulters.

Lack of Confidence by Women

Gender discrimination that prevails at various levels in the society has made it difficult for women to excel in businesses. The viewpoint that women's proper place is at home, customs, traditions and religious beliefs discriminate against women have led to a non-recognition, appreciation and creation of social inferiority among women. Lack of recognition has led to a feeling of low self-esteem and confidence among women. Lack of social approval and sufficient confidence in women has been additional constraint to women's entrepreneurship development. In this study it has been observed that there is a general tendency among women that they cannot do anything on their own. In many of women groups in the study, it has been learnt that although the overall leadership of the business is under group chairwoman, however, in most cases the final decision has been placed under a group advisor who is a man (patron). When asked, what are the responsibilities of patron, the response was that the patron's responsibility is to mobilise the group. Despite the fact that this patron, doesn't participate in the production process or marketing of the goods of the group, but he has a share in profits. Some of the women have shown their dissatisfaction about the presence of patron, but they do not have the confidence to take him away from the group.

Government policy towards the informal sector

Despite the fact that the informal sector is playing such an important role to the economy and it is generally appreciated as the best means of overcoming unemployment among the women and youth however, there are doubts with regard to how small business entrepreneurs are dealt with. This is because for many years conventional economic attitudes toward these activities have not been conducive or changed. In this regard government authorities have on several occasions applied a variety of restrictive policies to informal sector activities, for example, evictions of the informal sector entrepreneurs, demolition of business stalls and kiosks and confiscation of properties for reasons such as overcrowding, health and environmental considerations. On such accounts Tanzania has on several instances faced a number of frequent clashes between for example, the Dar es Salaam City Commission on one hand and the informal sector operators on the other (The Guardian, Thursday, 17 September, 1998). These operators have always complained that the City Commission askaris do not only in the process of eviction damage but also beat them and confiscate their properties. Such clashes for instance are reported to have taken place in June 1993 at Kariakoo Area, and in February 1995 along Congo and Tandamti Streets. And in 1999, the City commission has demolished among others kiosks along Ali Hassani Mwinyi Road, Manzese, Mwenge, Ubungo, Tazara and Magomeni areas (ibid.). "Mama Lishe" (Women selling cooked food) have equally been victims of government authorities harassment.

5.1 Promoting Women's Informal Sector Activities

Given the country's economic fragility and hardships facing women, some income generating activities are essential to help them improve their lives and earn some money income to meet their subsistence and other basic needs. In this context the government should recognise the importance of employment generation for the development of stable economic growth. The government's ability to create jobs in the number required for future is limited and therefore alternatives must be sought. The informal sector has

demonstrated clearly the ability to create jobs in far greater numbers than the formal sector and the government supported efforts.

With regard to the role and place of women in the informal sector, the government should address the institutional, socio-cultural and economic difficulties that limit the women to function to their full ability. This calls for a focused institutional reform aimed at:

First, a greater effort and new initiatives are clearly needed so as to empower women by providing them with the necessary means of production by guaranteeing their access to land. This will in turn facilitate their access to inputs and other public services.

Second, rules and regulations as well as attitudes of institutions have to be changed before credits can become available to women in the informal sector. Women in the informal sector or similar activity in the sector could come together and form a National umbrella union either by product type or location so as to have a group liability. By doing so they may overcome one of the obstacle to women's access to credits. The government is of the view that if the groups could come together and a form a national umbrella union it would be easier for the government to offer help for example by providing collective services such as training and other utilities.

By bringing together various informal sector women operators it is possible for the government to provide them with business premises in a suitable location. In this way the informal sector operators can not only surmount the escalating competition but also increased opportunities for markets can be created.

Other benefits of grouping the informal sector operators are that of technology diffusion and market economies. In this regard technological changes attention should be paid in developing and diffusing technology appropriate to women's major tasks in the sector. This will in turn lighten labour of domestic chores and thus free women's time for productive and remunerative activities.

Some other measures may include a cocktail of the following: development of infrastructure, exhibition and marketing for the women's products in the sector and business advertisements in television and radios, newspapers etc.

Above all, enabling environment should be created to encourage both the private and the public sector to mobilise resources to finance women activities in the sector.

6.0 Conclusion

Although the informal sector is accepted as strategically important in the generation of employment opportunities, and hence a best means of overcoming unemployment among the women and youth, yet the contribution of the sector to the economy is largely underreported or underestimated. The underestimation of the informal sector activities has consequently undermined the role and place of the women involved in the informal sector.

The reasons behind a progressive involvement of women in the informal sector are the deterioration of living, economic decline and poverty. The incidence of poverty is in particular a major reason for a steady involvement of women in the informal sector. The incidence of poverty among women is increasing because of social-cultural factors, macroeconomic policies and development strategies that exclude women from the benefit of development.

The Urban informal sector has therefore become a haven for helping the urban women to cope with the maladies of urban poverty. Constrained as they are, by the socio-cultural, and macro economic policies, women in the informal sector have worked in an environment marked by deprivation, low and fluctuating incomes, lack of job protection, limited access to credits due to lack of tangible securities, escalating competition, lack of markets, business premises, harassment from urban authorities and many others.

In this regard to solve the problems facing women in the informal sector, women's productive role must be recognised and enhanced by the government. The government and the society at large should address the question of institutional limitations that undermine the role and contribution of women to the economy.

As producers, women should be guaranteed access to productive resources, including land ownership rights; credits and control over their own labour and proceeds.

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