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**Women Vendors in Hanoi**  
**During Vietnam's Transition Economy**

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**2001**



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# **Women Vendors in Hanoi During Vietnam's Transition Economy**

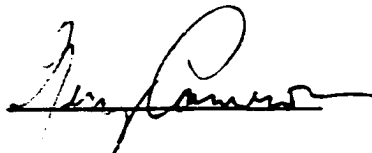
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**A thesis submitted in partial fulfillment of the requirements for the degree of  
Master of Arts in International Development Studies  
Saint Mary's University  
Halifax, Nova Scotia, Canada**

**June, 2001**

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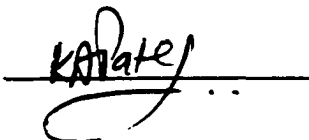
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## **Abstract**

### **Women Vendors in Hanoi During Vietnam's Transition Economy**

**Quynh Diem Pham**  
**June, 2001**

This thesis examines, within the theoretical framework of socialist feminism, female workers in the urban informal sector under Vietnam's current transition economy. Vietnam is now in its transition period from a centrally planned economy to a market based economy. This transformation has resulted in the reduction of employees in the formal sector, the drastic decrease of real wages, price increases and the cutback of public service and subsidies. The country is also faced with rapid urbanization processes and a young population. These factors have forced many Vietnamese people, especially women to turn to the urban informal sector.

The thesis examines the negative effects of economic restructuring and the ideology of patriarchy which has been embedded in Vietnamese society for thousands of years on poor female workers in the urban informal sector by interviewing fruits, vegetables and flowers sellers in Hanoi in the summer of 2000.

This study demonstrates women vendors have played a critical role in the economy of poor households. Women's role in the process of survival and development is much more important than what is generally believed as "marginal". However, these women suffer from a dual disadvantage: first they are poor, second is the ideology of patriarchy. Despite the economic contribution to family and contributing to social stability, the street selling activity has created a very dangerous gender space for women in terms of long hours of strenuous work, physical hazards, mental tension and neglect of children.

The thesis then concludes that economic transition and the ideology of patriarchy cause hardship and shape women's productive work in the informal sector. The situation of women vendors in Vietnam's informal sector is shaped by their situation as women living in poverty with a dual burden of productive and reproductive work. The street selling activity has created a very dangerous gender space for Vietnamese women in terms of working conditions, employment security, and maintaining a healthy family life.

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# **Chapter I**

## **Introduction**

### **1.1. Posing the Problem**

The informal sector is an international phenomenon; it is especially common in the Third World where, in some cases, the informal sector is now the primary source of employment. The application of structural adjustment policies in the Third World has resulted in a rise of unemployment. This rise has forced the workers, and particularly female workers, to seek independent or clandestine employment to ensure at least a subsistence income (ILO,1999, p.9).

The informal sector can be viewed from many perspectives. It can be seen as a provider of employment and income to millions who would otherwise lack the means of survival, or viewed as a segment of society that escapes regulation and protection of governments. It can be viewed as a breeding ground of entrepreneurship, or condemned as a vast sea of backwardness and poverty.

The International Labour Organization (ILO) gave the sector its name when an employment mission to Kenya in 1972 observed the phenomenon of large numbers of working poor in urban areas operating outside the formally structured economy. It is generally understood to refer to very small-scale units producing and distributing goods and services, involving little or no capital, using a low level of productive technology and generally yielding very low and irregular incomes. These units are for the most part unrecorded in official statistics; they tend to have little or no access to organized markets,

credit, training, or public amenities. Neither organized, supported, nor regulated by the government, they are compelled by circumstance to operate outside the framework of the law and of social protection.

Most working women in the cities of the Third World work in the informal sector. They hold occupations such as petty retail traders, market women, prepared-food sellers, or family workers in household-based enterprises. A few of the market women are economically well-off, but the majority live on the edge of survival, supplementing family income if they are part of a married household and providing family income when they are unmarried, divorced or widowed heads of household (Lubell, 1991, p100).

In many parts of South East Asia, urban informal female workers are concentrated in small-scale trading while men are involved in large-scale trading. The primary reason for this is not only the lack of access to markets, trading contacts and transportation, but also the fact that large-scale trading requires a level of flexibility and mobility that women do not have unless they are freed from their domestic chores.

Effects of population pressure on arable land, decreasing rural resources, and the large gap between rural and urban wages have led women out of agricultural production and into casual and domestic labour. More rural women are now migrating to cities where they enter into subsistence production, depending on the skills they possess. These skills are closely related to the domestic sphere and to the traditional sexual division of labour within the household. Consequently, the nature of work these women perform is very specific. Women usually work in forms that allows a combination of work and child care, or that are extensions of women's domestic responsibilities within the household.

They usually take part in economic activities that require little capital, or do not threaten the boundaries constructed by traditional ideology governing gender roles.

While employment opportunities are directed by structural and ideological systems, women are seldom passive agents of these forces. Their economic behaviour in response to these forces takes different forms. There are differences in interpretation and organization of social experiences, and the resistance to larger forces which may range from highly individualistic, competitive solutions (e.g., individual small-scale traders and food-sellers competing in the market place) to solutions that are managed and controlled in a collective manner. Whatever the solution, there appears to be a great reliance on privately created (as opposed to nationally created) systems. These networks do not bring about any long-term fundamental changes in regard to problems of emancipation and even of poverty, but in the short term they at least provide some guarantee of survival, particularly during periods of great hardship (Heyzer, 1986).

The informal sector already existed during Vietnam's centrally planned economy (1955-1986) although at that time it was small and regarded as illegal economic activity. The government wanted it to be retrenched, restricted and transformed. Legislative policies towards transforming this area often made people avoid working in the informal sector.

The Vietnam Communist Party's national congress VI in 1986 decided to develop a multi-sector commodity economy and this has created a new stage for development of the informal sector. Vietnam launched its renovation program in 1986. This program was designed to transform its command economy into a socialist-based market economy. Like most other transition economies, Vietnam has adopted policies and measures aiming

at transforming a centrally-planned economy, where the state controlled almost all economic activities, into a market –based economy where the multi-sector economy has been developed with various forms of ownership: state-owned, collective, and private. The commodity prices and market have been liberalized. The government encourages everyone to promote his business activities. Household economy has also been encouraged to develop. Inefficient state-owned enterprises have been permitted to dissolve, privatize or equitize.

In the countryside, peasants have been given rights to the long-term use of land, to the transfer of these rights, to the development of their household economy and to free business in many branches and trades, particularly private services. The government's system of subsidies and collectives has mostly been removed.

Vietnam is a young nation with 57% of its population under the age of 25. The country has high population density of 11 persons per hectare of cropland. Both factors have put tremendous pressure on Vietnam's labour market.

During the transition period, the government reduced the number of employees in the state owned enterprises and civil service. The informal sector then acts as a security valve for Vietnam during this transition period as it has brought employment and income for millions of people. The urban informal sector in Vietnam during the transition period has strongly developed in both scope and pace. There is always an informal sector in Vietnam; it is recently playing an increasingly important role as a safety net for those threatened by the transition period. The informal sector provides a source of cheap products and services for people, and is a good way to mobilize domestic human and capital forces, contributing to maintain social stability.



In Vietnam, the informal sector is an economic activity, which includes small-scale production activities. These activities are not registered, illegal, or are not stipulated by laws. Most of Vietnam's informal sector activities are in the first stage of informal sector development. At this stage, the typical characteristic is self-employment, generating income for subsistence. In other words, it simply deals with job creation, income for poor people to subsist, especially for women.

The informal sector in Vietnam's current transitional economy acts as a source of employment and income generation. However, studies on the informal sector in Vietnam were only initiated in early 90s with very few studies on urban female workers. The majority of these studies have brought a broad view of the informal sector in Vietnam but lack in-depth analysis.

Selling products in the street is one of the largest economic activities in the urban informal sector and women make up a majority in this activity. Obtaining an understanding of street sellers would present a clearer picture of female labour in the urban informal sector in Vietnam's transition period.

## **1.2.Objectives of the Study**

With the labour force growing at the rate of 3.2-3.5 percent per annum, the Vietnamese government's interest in the informal sector as a source of labour absorption is growing. It is seeking to explore the potential of employment within the informal sector (Nurulamin,1996,p 86). The purpose of the thesis is to examine the impact of economic reform on the female informal sector workers in Hanoi by looking in detail at the specific case of fruit, vegetable and flower sellers in Hanoi.

The study is to investigate who participates in fruit, vegetable and flower selling activities. Second, the reasons for choosing these activities and the nature of the work that these vendors do. Third, what have these economic activities contributed to women themselves, family and society? Fourth, what are these vendors' problems and aspirations? Finally, with conclusions and lessons learned from the field work study, the thesis argues that if the government of Vietnam decides to help the informal sector as an important source for employment and income in the current economic circumstance, what it should do and how it should do it.

### **1.3. Thesis Statement**

In the context of Vietnam's transition economy, this thesis hypothesizes that economic transition and the ideology of patriarchy cause hardship and shape women's productive work in the informal sector. The situation of women vendors in Vietnam's informal sector is shaped by their situation as women living in poverty with a dual burden of productive and reproductive work. These women vendors have no choice but to work in the streets to ensure their family survival. The street selling activity has created a very dangerous gender space for Vietnamese women in terms of working conditions, employment security, and maintaining a healthy family life.

### **1.4. The scope of the research**

The thesis will briefly look at development stages of the informal sector in Hanoi from 1955 to 2000. However, the focus of the study is the informal sector between 1987

and 2000, this period is characterized by economic reforms and increasing population pressure.

Hanoi was chosen for my research because it is the largest the city in the north of Vietnam. It has also undergone the most dramatic changes under the impact of the transition economy. The informal sector in this thesis includes “natural” and “transitional” informal sectors. In other words, they are occupations that are not prohibited by law. The focus of the study is female street sellers in the three most populous inner districts of Hanoi : Hoan Kiem, Hai Ba Trung and Dong Da precincts during May, June and July, 2000.

### **1.5. Methodology**

This field study was carried out in Hanoi in the summer of 2000. Interview and observation methods were utilized during this field research. Sampling was criterion based (Creswell,1998). The criterion was based on questions of where produce was sold and selling of fruit, vegetable and flowers. The survey was carried out in two stages: seventy-two questionnaires and then fifteen open-ended interviews. Seventy-two questionnaires were distributed evenly among the three most densely populated districts in Hanoi (Hoan Kiem, Hai Ba Trung and Dong Da). I chose fifteen of seventy-two respondents who were willing to talk openly of their work and life and had different work experiences before joining the informal sector. Each questionnaire took me 30 minutes while I often spent 45 minutes for each open-ended interview.

The questionnaire's design (Appendix A) is based on objectives of the research with 24 questions which were divided into four main parts (i) Demographic information on interviewees (ii) The nature of work including the reason for choosing this economic activity, time spent on the business, means of transportation for selling products. (iii) Business information including working capital, profits, and informal fee. (iv) Personal issues including domestic responsibility, economic contribution to family budget, childcare issue, the relationship with their husbands and their aspirations.

I chose the interview technique for this study because the open-ended interview brought me a broader understanding on the dual burden of productive and reproductive work of women vendors. This technique provides me the most lively and honest picture of street sellers. I met sellers at the end of their working day when they had few low quality products left. I bought without bargaining and talked with them about my study. I told them that I was interested in them because I appreciated what they were doing for their family and for the society as well, and I wanted to share their experiences with them. I invited them to sit at a tea stall on the street where we could have tea and talk.

Both quantitative and qualitative techniques are used to analyze data. Quantitative analysis gives me dynamics of women street sellers while qualitative analysis provides me with a personal view of individuals in the sector.

Literature on the informal sector, women in the informal sector, and background information on economic reform and informal sector in Vietnam were collected from library sources, Ministry of Labour, War, Invalid and Social Affairs of Vietnam, The General Statistics Office Of Vietnam, the International Labour Office, recent studies on

the informal sector in Vietnam and Southeast Asia, and seminar papers from institutions both in Vietnam and overseas.

## **1.6. Thesis Structure**

The thesis includes five chapters. The introductory chapter provides the rationale, the objective, thesis statement, scope of the research, the methodology and the structure of the thesis.

Chapter two is the discussion of the conceptual/ theoretical framework. It first critically reviews the literature on the informal sector. Different approaches to the informal sector are mentioned. The chapter then reviews literature on women in the informal sector, more specifically the issues raised in the feminist literature, and critiques various feminist approaches to women in the informal sector. This thesis takes the social feminist approach as its theoretical framework for the thesis.

Chapter three provides an understanding of transitional economies, the effects of the transition economy on labour market and employment, and rationales for the explosion of the informal sector in the transitional economies. This chapter also briefly describes the economic reform in Vietnam, how the economic reform and the ideology of patriarchy affect the employment structure in Vietnam and women's employment. The development stage of the informal sector in Hanoi is also included in this chapter.

Chapter four is a study of vegetable, fruit and flower sellers in Hanoi streets. The purpose of the study is to investigate who participates in this economic activity, the reasons for choosing this activity, the nature of the work that these vendors do, problems they face and aspirations they have. The study will analyze and evaluate contributions of

these vendors to individuals, family and society in both economic and social aspects.

Findings from this study will hopefully contribute to making the plight of female workers in the informal sector during Vietnam's transition period more visible. The study draws attention to the fact that these women need assistance from the government and local authority to be able to enjoy the equal treatment that is enjoyed by workers in other economic sectors.

Chapter five presents conclusions and some suggestions. The study comes to the conclusion that role of female labour in the urban informal sector during Vietnam's transition period is vital to keep their families above the poverty line. The status of these women in their families is improved in accordance with increasing visible economic contribution their families. The negative consequences of these women's economic participation could be seen in the forms of increased burden and drudgery of women, neglect of children and greater workload of the older female children. These women need to be provided with a secure place to sell their products, and have access to health insurance. The government should provide these women with tools such as accessing soft loans or opportunities to attend vocational training courses so they can choose other economic activities or expand their business if they want.

## **Chapter II**

### **Literature Review**

#### **2.1. Introduction**

The situation of women vendors in Hanoi is best described within the context of the literature on the informal sector in developing countries.

The informal economic sector offers many people in the developing countries an opportunity to earn a cash income. But the income is often small and the conditions under which they work are difficult. Although it may be seen as an alternative to the formal sector for some, for most there is no choice.

In the developing countries' cities there is an increasing proportion of the urban labour force that generates their income through employment in the informal sector. This sector covers a wide range of activities from informal transport and housing construction to manufacturing and the services provided by vendors, hawkers, shoeshine boys, and vehicle repairmen to mention only a few. It can be said that employment in the informal sector is heterogenous. Workers in the informal sector tend to have low levels of education and come from different segments of the population such as women, children, old people and recent urban migrants. These people often lack necessary capital resources for investment. As a result, productivity and income in the informal sector tend to be lower than in the formal sector. This is, in turn, a constraint for informal workers to invest in the improvement of technologies used and their education and skills (CUSO, 1987).

It is difficult to have a precise estimation of the size of the informal sector in Asia, but many studies conclude that it is more important than many people think, both

economically and socially. It is estimated that, on average, workers in the informal sector in the region exceed 50% of the labour force, and produce 40-60% the region's Gross Domestic Product (GDP) (Nurulamin, 1996).

## **2.2. Understanding the Informal Sector**

The term, “informal sector” was first used by Keith Hart in his 1971 study of urban economic activities in Ghana. The International Labour Office (ILO), however, officially picked up this term for its survey of employment in Kenya. Since then, it has been widely used with much credibility in the literature on development economics. The International Labour Organization (ILO) gave the sector its name when an employment mission to Kenya in 1972 observed the phenomenon of large numbers of working poor in urban areas operating outside the formally structured economy (ILO, 1972, p 6). The ILO, in this report, based the two-sector dichotomy of informal and formal sectors (dualist approach) on the characteristics of enterprises. The informal sector enterprises of activities in the perspective of this report were characterized by:

- Ease of entry
- Predomination of indigenous inputs
- Predomination of family property
- Small scale of activity
- Labour intensive
- Adapted technology
- Skills from outside school systems
- Unregulated/ competitive market



The informal sector is generally understood to refer to very small-scale units producing and distributing goods and services, involving little or no capital, using a low level of technology of productivity and generally yielding very low and irregular incomes. These units are for the most part unrecorded in official statistics; they tend to have little or no access to organized markets, credit, training, or public amenities. Neither organized, supported, nor regulated by the government, they are compelled by circumstance to operate outside the framework of the law and of social protection.

According to the petty commodity production approach, the informal sector represents a mode of production that maintains a relationship between a dominant, central mode of production and a subordinate, peripheral one. The informal sector “is to ‘serve’ the formal sector through its impact on wage-structures and labour supplies” (Davies, 1979, pp.90-102). The concept of the informal economy is fundamental to understanding the operations of capitalism as a world phenomenon and constitutes a missing element in contemporary world –system formulations of relationships between core and periphery. (Portes, 1978, p.35). It indicates the clearly exploitative relationship of the informal sector to the formal sector.

In general, there are three approaches to the study of the informal sector (Gereffi and Cheng, 1992).

**\* *Social Marginality*:** In this approach, the informal sector is the playground for casual labour and unstable wage earners. It includes many self-employed individuals in small businesses who supply a wide range of goods and services throughout an economy such as street vendors, babysitters, barbers, etc. Those engaged in these informal

activities are typically among the underemployed in a country and are sometimes called “the urban traditional sector”. People rely on these activities for survival.

*\* Lack of State Enforcement and Control System:* In this approach, the informal sector stems in part from the strategies of capitalists and employers to avoid state regulation on labour such as minimum wages, social security, restrictions on child labour, etc. The evasion of state regulation allows informal sector enterprises to reduce costs and to adapt themselves to changes in economic conditions (rapid expansion and contraction in case of need).

*\* Small firms:* In this approach, the informal sector consists of small-scale production activities. Micro-enterprises or small firms are considered synonymous with informal sector.

A short definition is not comprehensive enough to cover all the characteristics of the informal sector. Economists and international institutions worldwide often focus only on the informal sector’s main features for identification and explain the names they address to it through its main features. The various names for the informal sector which prevail in books and papers are: the unofficial economy, the grey economy, the concealed economy, the unorganized sector, the parallel economy, the invisible economy, the illegal economy, the urban informal sector, the informal service sector, the people’s economy, and the population economic sector. This paper uses the term informal sector.

As presented above, the activities in the informal sector are heterogenous and a single definition drawn from a specific approach is not comprehensive and clear enough to cover all the characteristics of this sector. This thesis is based on an integrated

approach which combines ideas and definitions from all three approaches: social marginality; lack of state regulation, and small unit.

The term “informal sector” in this thesis is understood as a sector which consists of small (micro)-scale production and service activities. These activities are not registered, or stipulated by law and therefore operate outside the control or regulation of the state.

Small-scale enterprises are those which employ fewer than ten workers and are not regulated by any commercial laws: Enterprise law, Corporate law, or Co-operative law. All those small enterprises belong to the informal sector whether they are registered or not. On the other hand, all activities which are regulated by law but are unregistered and intentionally evade the regulations or breaking the laws, are considered to be incorporated in the informal sector.

### **2.3. Key Arguments on the Role of Informal Sector in the Economic Development**

Discussions on the informal sector have been based on two fairly distinct schools of thought (Rogerson, 1985, p.565), namely, the dualist approach and the alternative perspective of petty commodity production. These discussions have two key features: on the one hand, the informal sector is defined by a common focus of study - the experience and performance of economic activity beyond established factories, firms, and agencies. On the other, the discussion is marked by almost constant divergence on questions about the identity, role, and future prospects of this activity for industrial development and for processes of economic change.

### 2.3.1.Dualism Approach

The term dualism refers to an approach which conceptualizes an economic system in terms of a dichotomous model, treating the components of the model as essentially separate and autonomous entities. As applied to the urban economies of the Third World, the dualist approach yields a dichotomy between a formal and an informal economic sector. The distinction between the two components of the model is based upon the characteristics of particular economic activities or enterprises: one relatively profitable and privileged, the other relatively disadvantaged.

Identifying the range of activities engaged in by informal workers led to recognizing that sector's economic vitality; the informal sector was far from "stagnant" and "undynamic" as it was characterized in the modernization view. The sector should be seen as one of "thriving economic activity and a source of Kenya's future wealth" (ILO,1972, p.5).The ILO definition shifts from a focus on illegality and tax evasion to new relations between the mobilization of state revenues and state responsibility in generating employment. Sharing a similar approach, other studies offered somewhat different definitions of the informal sector. Hart (1973), for instance, in the other major work recognized for the "discovering" the division between formal and informal sectors is "based essentially on that between wage-earning and self-employment"(Hart, 1973).

The ILO study makes a parallel distinction between formal and informal sectors of economic activity based upon the essential characteristics of the formal and informal sectors. According to the ILO, the informal sector is characterized as a large number of small-scale production and service activities that are individually or family owned. Also, these activities use labour intensive and simple technology. Most workers in this sector

have little formal education or skills, and lack capital resources. As a result, workers' productivity and income tend to be lower in the informal sector than in the formal sector. Furthermore, in terms of job security, decent working conditions, old-age pensions and labour union memberships, informal sector workers do not enjoy the measures of protection that are usually afforded to their formal counterparts. (Todaro,1989; Lubell, 1991). Many workers entering this sector are not able to find employment in the formal sector. Relying on their own resources to create work, their motivation is usually to obtain sufficient income for survival purposes rather than for profit. Finally, the informal sector is largely unregulated and often illegal, which implies that its workers are vulnerable to exploitation, manipulation and harassment (ILO,1972; Bonilla,1990; Lubell,1991). Seeking a more analytical definition, (Sethuraman,1981:17) argued that the key distinguishing criterion of informal activity is its basic organizing principle: while formal enterprises, even small ones, are oriented to profit maximization, and hence likely to direct resources toward achieving growth and efficiency, informal enterprises remain geared to the goal of employment generation. The impact of informal enterprises helps to alleviate poverty for the poor in the developing countries.

The ILO approach corresponds to Keynesianism. This approach is founded upon a belief in the role of the State in countering phases in the economic cycle and reallocation resources, which is why it tends towards policy recommendations based on the management of aggregate demand. Policy prescriptions that followed from this view emphasized coupling growth-promoting measures in the economy at large with explicit support for informal enterprises through measures including government support for the development of appropriate technologies, vocational training programs, and licensing

reform, as well as subsidies, and credit (ILO,1972:3, p.21-22). Embodied in these policy prescriptions was the idea that sufficient government attention to the informal sector would strengthen linkages to the modern sector and break the technological, skill, and market constraints inhibiting its growth. Government support also was based on the dynamism of informal relations and its assumed potential for enabling more equitable and balanced economic growth over the long term.

The critique of economic dualism challenged the informal sector concept for its lack of theoretical coherence. The arbitrariness of the identified characteristics of the informal sector has been pointed out by many authors (Bromley, 1978, Moser,1978, Connolly,1985). Bromley, for example, points out that there is a great lack of clarity as to what else exists besides the informal and the formal sectors. Hart's (1976) criticism of the formulation bears all the hallmarks of ad hoc empiricism and weak theorization, meanwhile Gerry (1979, p.22) concludes that the concept of the informal sector "has in no way added to our basic, so quite limited, understanding of non-capitalist production and labour-utilisation in under-developed capitalist economies". Other criticism of the informal sector dualism approach is that it is essentially descriptive because the focus of analysis is upon *characteristics* (of enterprises, households or occupations) rather than relationships. Moser (1978) is particularly concerned that the essentially dependent and involutionary nature of the informal sector is hidden under this false dualistic classification. She thus suggested a more satisfactory alternative which is based on petty commodity production in order to stress its subordinate relationship to the capitalist sector.

The dualistic literature brought to the fore the existence of the ‘invisible’ informal sector by the distinction between the informal and formal sectors. It also helped to define different dimensions of the employment problems within the informal sector. These included the frustration of job seekers unable to get work of the type they wanted and the remuneration they demanded, the fact that income levels were frequently inadequate for basic needs, and the existence of under-utilized labour resources. The division between formal and informal sectors is essentially based on wage-earning and self-employment. These economic sectors always exist parallel in a national economy. The distinction between the formal and informal economic sectors are one relatively profitable, the other relatively disadvantaged. The literature also identified structural imbalances within the economies of developing countries and the identification of these as the crucial factors influencing levels of unemployment and poverty. The significant linkages in terms of inputs and outputs between informal sector and formal sector were also identified in the dualistic literature.

The current economic restructuring in Vietnam has led to the high unemployment. How to deal with the high unemployment is one of current challenges for Vietnamese government. This approach is important and especially useful for this thesis in terms of considering it as the key to the solution to the problems of unemployment and poverty alleviation.

### 2.3.2. Petty Commodity Production

Studies of petty commodity production emerged from the specific interests of Marxist scholars. The most important studies of petty commodity production were those focused on the concept of “ form of production”. This alternative approach is denoted by

its emphasis on the interconnections between co-existing modes and forms of production and of processes by which surplus is created and extracted. The major contributions to this literature are most notably reflected in the early work of Gerry (1978a.), LeBrun and Gerry (1975), Khan (1982) and Moser (1978). The advantage of adopting the interconnection is that it obviates the assumption, which suffuses much dualist analysis, that small-scale informal sector enterprises possess some degree of economic independence. Petty commodity production literature gives due recognition to the existence of strong relationships between capitalism and such activities.

The subordination of petty commodity forms of production to the dominant capitalist mode constitutes a major focus of interest in the literature. Victor Tokman (1989) notes that in Latin America the informal sector is subordinate to the formal sector. The study of Beneria and Roland (1987) theorizes that part of the informal sector is the direct consequence of a strategy by the formal sector to reduce production costs- particularly labour costs. This indicates the clearly exploitative relationship of the informal sector to the formal sector and more specifically to the capital.

“... petty commodity production, in Senegal certainly, and with every likelihood in other underdeveloped capitalist countries both similar and dis-similar to Senegal, is both inextricably bound and subordinate to the capitalist mode of production, and that it is the relationship which blocks indigenously-controlled production, prevents the evolution of a viable economy, and perpetuates the structural distortion of the economy to the benefit of the ruling class at a national and an international level, and to the detriment of the mass of the working population” (Gerry, 1979,p.75).

The formal sector does depend on the informal sector for cheap inputs and wage goods for its workers, and in turn the informal sector depends on the growth of the formal sector for a good portion of its income and clientele. Thus, it is more appropriate to describe this relationship as *interdependence*; however, this interdependence is



characterized by a clear hierarchy with much of the informal sector in the subordinate position. The existence of petty forms of production is functional to capitalist production. The functionality of petty forms of capitalism is viewed by Williams and Tumusiime as follows:

“ Petty commodity producers provide inputs which the capitalist firms are unable to produce profitably. These include cheap food and consumer goods for the employees of capitalist firms and the state which services them, thus reducing wage costs- and inflating the salaries of managerial staff. They maintain the ‘ reserve army of labour’, which limits the bargaining strength of organized labour, thus reducing wage costs, and ensures a flexible supply of labour to capitalist employment. They provide opportunities for additional earnings, and the possibility of establishing themselves as independent men to employees, thus both subsidizing and encouraging wage employment. They provide the protected market for the products of capitalists firms” (Williams and Tumusiime-Mutebile, 1978, p.1103).

It is also argued that the existence of petty forms of production, characterized by labour intensity, helps alleviate the ‘employment crisis’ being experienced by many in African, Asian and Latin American urban environments. In addition, the fact that non-capitalist petty forms of production are often comprised of family employment, with household heads offering welfare to their relatives, reduces the burden on the State to introduce adequate systems of welfare and social security. In turn, this can mean that more capital can be invested in areas which often directly benefit the capitalist mode of production. A further advantage of preserving petty forms of production as direct benefit to the State (and it may be added to as an important indirect benefit to capitalism) is that it may reduce the potential for political unrest (McGee, 1971) as a consequence of increased urban unemployed in Africa, Asia and Latin America.

The importance of the contribution of the petty commodity production approach is that this approach emphasizes the exploitation of informal sector workers by the

capitalist producers of the formal sector. It is based on the argument that the exploitation of labourers and operators of informal sector businesses helps first, to reduce the costs of raw materials and inputs for formal sector production, and second, to keep formal sector labour costs lower by providing wage goods to formal sector workers at a lower cost than the formal sector itself could generate (Moser,1978; Mies,1986). The dependent relationship between large-scale capitalism and petty commodity production means that policy solutions designed to assist the latter almost invariably end up by promoting the former. By investing the role of petty commodity production in terms of the functioning of the overall political economy the approach of petty commodity production raises serious questions concerning policy proposals for the promotion of petty commodity production activities (Forbes,1981a,1981b,1981c). Promotional policies are viewed, therefore, as not only creating serious problems of impoverishment and a growing relative surplus population or marginalized mass, but also upsetting the fragile social stability which both foreign and domestic capital hold to be the prerequisite for successful and profitable operations( Moser,1978).

For developing countries, this approach points out the existence of the informal sector as a way to reduce the burden of welfare and social security systems on the state and avoid a political unrest due to high unemployment.

Although promising a framework for the rigorous analysis of informal patterns of production and work, studies of petty commodity production were subject to some criticisms. A fundamental line of criticism of the petty commodity production approach stems from the wedding of petty commodity production to the concept of mode of production. For Forbes, the mode of production provides “ the most useful tool” to start

an analysis of small-scale urban enterprises (Forbes,1981a, p.115). The concept of mode of production has, however, attracted much criticism with one observer rejecting the concept as having no explanatory value, leading to a rigidity of theoretical formulation (Kitching,1980, p.5). The petty commodity approach also fails adequately to recognize that households frequently evolve livelihood strategies which involve members participating in both capitalist and petty forms of production, and only by a combination of these varied kinds of economic activity do households reproduce their labour-power (Long and Richardson,1978; Uzzell,1980). The complexity of the social relations which shape work among petty commodity producers is under-theorized within this framework.

As Roland notes:

“the PCP approach has not been able to answer the questions relating to gender oppression under capitalism, nor has it been able to provide tools for critically evaluating urban, employment-creation policies aimed at women and yet based upon an undifferentiated promotion of the informal sector” (Roland,1985, p.253).

### 2.3.3. International Division of Labour Approach

The analysis of internationalization of capital or changes in international competition that has been carried out since the 1970s has heavily influenced the international division of labour (NIDL) approach. The pressure of increased competition on an international scale has led to the development of a new type of manufacturing based on sub-contracting and piecework.(Portes and Sassen Koob,1987). Such a system allows employers to have greater flexibility in hiring and firing workers, in changing the tasks that workers perform, and changing the styles and component of their products. Changes in the NIDL involve the massive loss of industrial jobs in industrialized countries with a bigger role played by poorly paid Third World labourers, particularly

female factory workers, recruited to export-processing zones, to produce for a global market place. Though many of these women continue to be unrecognized, underpaid, and unprotected as workers, they now constitute the main channel through which the new regime of export-oriented industrialization has proceeded (Elson and Pearson, 1980).

The NIDL approach has since been challenged for its exclusive focus on labour exploitation as capital's only means for recapturing accumulation and the negative impact of factory employment on women workers. A number of studies have been taken in developing and developed countries which point out the importance of female labour in these types of subcontracting or outworking arrangements (see for example Beneria and Roldand, 1987). It follows that women are major participants in the informal sector if the sector is constituted by these types of businesses and these types of work arrangements.

Main contributions of these arguments to the knowledge about the informal sector for this thesis include the dynamics of the informal sector, the role of the informal sector in employment and income generation for the poor people, the interdependence between the formal and informal sectors, and why the informal sector has developed rapidly in the developing countries over the last three decades.

By defining the important role of the informal sector for the national economy of developing countries, and understanding the subordination of the informal sector, these arguments also help me understand why the promotion of the informal sector needs to be ensured with the state intervention. The relationship between the formal and informal sector is the exploitation. From that point of view, it helps me to look at the key question of this thesis as whether or not the informal sector is a good solution for Vietnam to deal with its problematic employment.

## **2.4. Policy Implications**

The promotion of the informal sector is encouraged by both the ILO and the World Bank. The ILO promote the development of the informal sector as a way to reduce unemployment and poverty alleviation while the World Bank considers the promotion of the informal sector as a way to stimulate markets, maximize profits of the formal sector and reduce the welfare and social security of state. These two organizations have different prescriptions for promotional policies. It is very important to understand these prescription as all developing countries have to deal with policies for the informal sector in their countries.

### **2.4.1. ILO Implication**

According to the ILO perspective, lack of employment opportunities in the modern formal sector is due to structural imperfection in the capital market which leads to the formation of oligopolies and limits competition in many markets, while at the same time maintaining high prices for the commodities consumed by the higher income groups. This situation limits the demand for labour on the part of the modern firms producing for the high-income sectors. Therefore, many that seek employment in that sector are unable to find it and must therefore create their own jobs in the informal sector; these jobs are often at very low wages. Deriving from an analysis of structural imperfection in the capital market and the segmentation of labour markets, women form part of a disadvantaged sector of the labour force which is excluded from more desirable employment in the formal sector (Cartaya,1994,pp.223-250). The ILO recognizes a similar potential for dynamism in the informal sector, but locates the obstacles to its

realization not simply in the state but in the weakness inherent in the informal sector itself. Low incomes, low productivity, and limited skills and technology are seen as limitations to informal sector development that will not simply disappear with the deregulation of the formal economy. The ILO prescription is more, rather than less, state intervention. It is designed to foster informal sector productivity and more appropriate forms of access to resources, along with the removal of unnecessary state restrictions (Bromley,1978; ILO,1972). The ILO and UN agencies argue that assistance to this sector must be accompanied by state regulations to ensure the social and human aspects of the sector's development. These organizations link the promotion of this sector to poverty alleviation and the mitigation of the negative effects of adjustment programs. In the case of women who operate informal sector business, women's difficult access to credit, low level of education and skill may lead women to create their employment in the informal sector (Berger,1989).

The structural adjustment or economic restructuring programs and the introduction of new technologies have reduced employment in the organized sector, contributing to an accelerated rise in poverty. This state of affairs has driven people to undertake alternative income-generating activities enabling them to survive. The informal sector therefore serves to absorb the shocks of the economic crisis and has become a sort for refuge for the "excluded". At the same time, "the quality of life and of female employment is degrading, and the inequalities between men and women are growing worse. Women are playing a key part in the dynamics of economic activities in the informal sector. They undertake income-generating activities increasing family income. and in some cases even to the point that they are the only source of family income. They

carry out all family reproduction work and take part in all the non-salaried production work, the economic role of women is marginalized; the statistics even ignore them”(ILO,1999, p.6).

According to ILO, over fifty percent of urban women in Asia work in the informal sector without any social and economic protection and in most cases under deplorable safety and health conditions. This trend is growing as the sector feminizes along with the feminization of poverty. The ILO’s major concern is the labour status of workers in the informal sector, relatively adverse working conditions and low wages. Through improvement of these conditions, the formalization of the informal sector was believed to be facilitated. The ILO is increasingly concerned with the erosion of labour rights and working conditions in this sector as the trend points more towards the minimizing the role of the state in overall economic development. Critical researchers have linked the issue of the informal sector to rapid urbanization, high unemployment, and uneven industrialization (Arizpe,1977).

In the wake of the economic crisis and economic restructuring, the role of the informal sector has been considered particularly positive. Giovanni Cornia argues that in spite of the general contraction of the economy some parts of the informal sector may be relatively unaffected and still able to generate income, jobs and outputs particularly for the local markets. They stress the importance of helping the survival strategies of poor people through promoting this section of the sector (Cornia,1987). \_\_

#### 2.4.2. The World Bank Perspective

The World Bank perspective, often identified with Hernando de Soto (1986), defines the informal sector in terms of the absence of legal documentation or

requirements on the part of the firms that compose the sector. In other words, the formal sector is that sector where firms comply with legal regulations including licensing, minimum wage regulations, and social security payments, and the informal sector is that group of firms that does not observe these legal conventions. The World Bank is more closely associated with the classic position in traditional economies and more recently, with the postulates of supply-side economics. Its basic tenet is the belief that resources are located most efficiently when markets are allowed to operate freely, without state regulation or intervention. The World Bank sees assisting the informal sector (particularly small entrepreneurs) as a way to stimulate markets. In the case of women, women's access to credit and other inputs that would be beneficial to the expansion of their economic activities is limited by legal regulations that require them to obtain their husband's signatures when applying for loans, and constrain their independent control of property and their inheritance rights. Protective legislation that limits women's opportunities for wage employment by restricting the hours that they can work and providing them with extra benefits that male workers do not receive, also serves to exclude them from formal sector employment, and may lead women to create their employment in the informal sector. Reforms which enhance informal sector opportunities parallel World Bank and the International Monetary Fund initiatives to privatize production, limit state subsidy programs, liberalize economic policies and offer incentives for micro-enterprise development and self-employment. It tends to stress the reduction of the tax burden (direct and indirect), and hence, the influences of the State as a means of altering the supply of factors of production and investment levels.



In Hernando De Soto's *The Other Path* (1989), according to the World Bank perspective, the informal sector has an indigenous entrepreneurial dynamism suggesting a potential for employment creation and growth. The informal sector has already developed the entrepreneurial skills and organizational structures necessary for economic take-off. This is demonstrated by the ability of informal enterprises to flourish even in the hostile environment of state restrictions. The promotion of the informal sector is seen to lie in the standard free market prescriptions of economic deregulation, and the provision of necessary infrastructure (De Soto, 1989: 243-244; World Bank, 1994).

The World Bank emphasizes a narrow form of economic development that fails to deal with the social and human aspect of the informal sector's development. The World Bank prescription for the informal sector in fact aims to increase the extraction of profits of the formal sector by creating jobs in the informal sector where capitalists enjoy lower costs for buying raw materials and labour costs in the informal sector. In *The Other Path*, De Soto uses a simplistic model in which broader economic structural factors are ignored, and state regulation is seen as the only limiting factor on growth. On the other hand, he completely ignores super-exploitation and the lack of worker benefits within the informal economy—precisely the types of evils that state regulation is designed to cure. While avoidance of these "costs of formality" may make informal firms profitable, what are the social costs involved? Furthermore, if these conditions were generalized to the entire economy, as De Soto proposes, would the increase in profitability for small producers offset the increase in worker exploitation?

## **2.5. Feminist Approach to Women in the Informal Sector**

As over fifty percent of the urban Asian women and over two-thirds of urban women in Africa take part in the informal sector, it is useful to look at the feminist literature on the women in the informal sector. In feminist literature, the informal sector and household issues always go together. These two issues are treated as particularly pertinent to understanding the lives of poor working women, and are examined closely in the context of survival strategies. Survival strategies include a variety of adaptations that low-income households make in order to cope with economic hardship. In response to the reduction in real wages, the abolishment of government subsidies and public services, price increases and a rise in unemployment, people attempt to make the optimal use of reduced resources within the household and to generate cash to supplement decreased family income (Chant,1991). Given the fact that poor women tend to have limited education and vocational skills, the only jobs available for them are found in the informal sector which is characterized by low wages and instability of work (Beneria and Roland, 1987;Ward,1990).

The recent increase in female employment in the informal sector is also examined in terms of its effects on household gender relations. Gender differences are socially rather than biologically derived. Gender may be defined as a set of socially constructed beliefs, personality traits, attitudes, feelings, values, behaviours and activities differentiating men and women. It is historical in that it takes place within different macro and micro spheres such as states, the labour market, schools, the media and the family-household involving a formation of hierarchy (Beneria and Roland,1986; Young, 1988). Christina Gladwin suggests that women's increased economic contributions have

had a rather positive impact on their status and relationships with men (Gladwin,1993). Many feminists assume that women's engagement in wage work is essentially positive for their status in the family and in the wider society. Meanwhile, it is also reported that since the economic crisis and structural adjustment, more conflicts in the household have occurred. This points out that women's increased economic contribution has not necessarily brought a better life for women (Ward,1990).

The feminist literature on women in the informal sector highlights the following questions: first, why is it that in many developing countries women workers are disproportionately represented in the informal sector, and that even in this sector, women, particularly poor married women, are found in certain types of employment ? Second, what effect does women's wage work have on their status in the family and in the wider society? Researchers who operate within the capitalist paradigm attribute these issues to the fact that women do not have access to resources such as credit and skill training. Therefore, they conclude that women end up at very precarious levels of employment (Goodla,1989;Bonilla,1991;World Bank,1994).

Feminist theories also stress that women's occupations tend to be extensions of domestic roles (e.g. teaching children, cleaning, servicing). Moreover just as women's domestic work is devalued within most societies so are these occupations and skills.

#### 2.5.1. Women in Development(WID)

As to the question of why women are denied access to these resources in the first place, feminists invariably point out the *gender inequality* which largely stems from the traditional cultures of developing countries. Nonetheless, upon the establishment of the *Women in Development (WID)*, this gender inequality was also identified in the Western

style practice of development. This perspective has its roots in liberalism, which believes in the inherent viability and goodness of the dominant politico-economic and ideological structures: namely the capitalist system. Within this theoretical framework, gender inequality is a mere aberration that is correctable through legal procedures, attitudinal changes, and intervention projects. For liberal feminists, gender discrimination in the Third World has marginalized women from development process, and thus, bringing these women into this process will eventually help eliminate gender inequality. In this context, women's wage work not only improves their material conditions but also their status in relation to men. Rather than examine why women have fared less well, they focus only on how women can be better integrated into ongoing development initiatives. They assume that gender relations will change of themselves as women become full economic partners in development (Moser,1993;Tinker,1990). Liberal feminists do not challenge the basic social relations of gender. Bandarage (1984) argues that liberal feminists using a WID framework tend to focus narrowly on sexual inequality and ignore the structural and socio-economic factors within which gender inequalities are embedded.

#### 2.5.2. Women and Development (WAD)

The *Women and Development perspective (WAD)* tends to overlook class inequalities generated by the productive system and focuses only on the manifestations of gender inequality during the process of economic development (Heyzer,1986; Kabeer, 1994). The Marxist feminism recognizes and strongly focuses on class. It offers a more critical view of women's position than liberal feminism but fails to offer a full-scale analysis of the relationship between patriarchy, differing modes of production and women's subordination and oppression. It implicitly assumes that women's position will

improve if and when international structures become equitable. This approach concentrates on income-generating activities without taking into account the time burdens that such strategies place on women. This perspective adopts western biases and assumptions; tasks performed by women in the household, including social reproduction, are assigned no economic value by planners (Bandarage 1984; Jaquette, 1982).

Visvanathan (1998, p.23) argues that class analysis alone could not explain women's oppression.

### 2.5.3. Gender and Development.

*Gender and Development* (GAD) emerged in the 1980s and represents the confluence of diverse feminist perspectives. The socialist feminists who dominate this track have incorporated lessons learned from WID failures and WAD limitations. As a consequence, they link the relations of production to the relations of reproduction and take into account all aspects of women's lives. According to Kate Young (1998), GAD focuses not just on women (as with WID and WAD), but on the social relations between men and women, in the workplace as well as in other settings. Socialist feminists identify the social construction of production and reproduction as the basis of women's oppression and focus attention on the social relations of gender. Their primary focus is an examination of why women systematically are assigned inferior and or secondary roles. They analyze contributions both inside and outside the household, including non-commodity production, and reject the public- private dichotomy commonly used to undervalue family and household maintenance work performed by women. The characteristics of the occupations women tend to perform are also shaped by their domestic roles. The problem is accentuated when one considers the long-term effect of

women's double burden on their psychological build and physique, resulting in loss of productivity. Therefore, changes in the structure of the labour market will not, *ipso facto*, bring about an improvement in the position of women unless it is accompanied by a shift in their position in the household. Otherwise, women will continue to be forced into the secondary sector (Chandola, 1995, p.6).

Socialist feminists also emphasize state participation in women's emancipation, seeing it as the duty of the state to provide some social services which women in many countries have provided on a private, individual basis. Social feminists see women as agents of change rather than passive recipients of development assistance and stress the need for women to organize for a more effective political voice. GAD recognizes the importance of both class solidarity and class distinctions but argues that the ideology of patriarchy operates within and across classes to oppress women (Connolly, 1985; Young, 1998).

Socialist feminists have mainly restricted themselves to analyzing the relationships between patriarchy and class under capitalism. The key to the reproduction of classic patriarchy lies in the operations of the patrilocally extended household, which is also commonly associated with the reproduction of the peasantry in agrarian societies (Wolf, 1966). Even though demographic and other constraints may have curtailed the numerical predominance of three-generational patrilocal households, there is little doubt that they represent a powerful cultural ideal. It is plausible that the emergence of the patriarchal extended family, which gives the senior man authority over everyone else, including younger men, is bound up in the cooperation and control of the family by the state (Ortner, 1978), and in the transition from kin-based to tributary modes of surplus

control (Wolf, 1982). The implications of the patrilineal - patrilocal complex for women not only are remarkably uniform but also entail forms of control and subordination that cut across cultural and religious boundaries, such as those of Confucianism, Hinduism, and Islam (Kandiyoti, 1998, p.89).

In short, the GAD model adopts a holistic approach and treats development as a complex process influenced by political and socio-economic forces. GAD does not focus on women per se but on gender relations, i.e. the relations between women and men in a variety of settings. They acknowledge women's concerns for economic independence and view women as active agents and not passive recipients of "development". However, they do not assume that women have perfect knowledge or understanding of their social situation. That is to say, it assumes that while women as individuals may well be aware of their subordinate position, this does not necessarily lead to an understanding of the structural roots of discrimination and subordination. GAD gives weight to political activism advocating strategies such as community organization, transformative action, public education and coalition-building. GAD's multifarious approach distinguishes between capitalism, patriarchy and racism. GAD considers welfare, and anti-poverty approaches are necessary preconditions for equity. The critical consideration then becomes: how to subvert welfare for equity as GAD is much less optimistic about the role of the market as distributor of benefits, and the power that stems from having "cash in hand" as WID emphasizes. GAD believes that every attempt has to be made to create the political will in the country which will enable welfare to be subverted for equity and reform for radical structuring.

## **2.6. Concluding Remarks**

The dualist approach made people aware that the informal sector was indeed a separate and distinct part of the economy. The role of the dynamic informal sector in developing countries is very important, both economically and socially. This sector has provided employment and incomes for millions people in developing countries and contributes to the poverty alleviation at these countries. The dualists argue that assistance to the informal sector must be accompanied by state regulations to ensure social and human aspects within this sector develop.

From the petty commodity production approach, it describes the relationship between formal and informal sectors as *interdependence*; however, this interdependence is characterized by a clear hierarchy with much of the informal sector in the subordination. The exploitative relationship between the formal and informal sectors has been used to explain why the World Bank supports the emergence of the informal sector by less state intervention and trade liberalization. The World Bank's prescription for economic development includes job reduction in the formal sector while creating more jobs in the informal sector as the World Bank sees it is a way to maximize profits by reducing the raw material and labour costs. This approach points out the existence of the informal sector as a way to reduce the burden of welfare and social security systems on the governments of developing countries and avoid a political unrest due to high unemployment.

The most important part of the theoretical framework of this thesis is based on the socialist feminist perspective. Women play distinct and special roles in the informal economic sector. It is important to make these women's socio-economic contributions to



society and family more visible, and to recognize dual women's dual responsibilities to the family. The ideology of patriarchy causes women's subordination is the key argument in the socialist feminist literature. Bargaining with the patriarchy is also raised in this perspective.

Having identified the theoretical framework of socialist feminism as most useful for this thesis, now we turn to an examination of the impact of economic restructuring, the influence of ideology of patriarchy on women's employment during Vietnam's transition period in the next chapter.

## **Chapter III**

### **The Informal Sector in Transitional Economies**

#### **The Case of Vietnam**

#### **3.1. Transitional Economies and Their Effects on Labour Market and Employment**

##### **3.1.1. Understanding Transitional Economy**

Transitional economies mean a transformation of one economic system to another from the state planning economy to a market economy or vice-versa. After World War II, Central and Eastern Europe (CEE), the Baltic states, and subsequently China, North Korea and Vietnam seceded from a market economy and built an alternative economic system-the state planning economy. A centrally planned economy is one in which the state controls production and allocates all resources through state planning. However, this form of economy failed to promote economic development as expected. Planners could not get enough data to substitute for that supplied by prices in a market economy. Throughout the 80's China, Central and Eastern Europe, the Baltic states and Vietnam reoriented their economic development model. They have launched a transition from a centrally planned economy to a market economy. They are now seeking to rebuild markets and reintegrate themselves into the world economy.

The core reforms in the transition process include liberalizing prices, markets, new business entry, and implementing programs to regain or preserve price stability. Most of the world's economies, at one time or another, have lifted price controls, opened trade, or privatized state enterprises -with varying degrees of success. But transition is

different. It is not simply the adoption or modification of a few policies or programs but a passage from one mode of economic organization to one that is completely different.

The long-term goal of transition is the same as that of any economic reform: to build a thriving market economy capable of delivering long-term growth in living standards. What distinguishes transition in the countries previously mentioned from reforms in other countries is the systemic change involved: reform must penetrate to the fundamental rules of the game, to the institutions that shape behaviour and guide organizations. This makes it a profound social transition as well as an economic transition. Similar changes have been required in many other countries, but most of their reform programs pale in comparison to the scale and intensity of the transition from planned to market economy (World Bank, 1996, p.1).

Transition must therefore unleash a complex process of creation, adaptation, and destruction. Old institutions and organizations evolve or are replaced, requiring new skills and attitudes. The relationship between citizens and the state changes fundamentally, with greater freedom of choice but also much greater economic risk (World Bank, 1996, p.4).

There are two stylized approaches to reform in transitional economies. One is a rapid, all-out program, undertaking as many reforms as possible in the shortest possible time (CEE countries and the former Soviet Union). The other is to change by partial and phased reforms (China, Vietnam).

According to World Bank's view point (World Bank, 1996), liberalization involves freeing price, trade and entry from state controls. Stabilization involves reducing inflation and containing domestic and external imbalances. Liberalization and

stabilization are, in essence, the first step. In the long run, institutional reforms (establishing clear property rights, sound legal and financial infrastructure, an effective government, etc.) will be needed to make the market work more efficiently. There are two ways transition economies can move their economies toward the private sector: through privatization of existing state assets and through the entry of new private businesses.

### 3.1.2. The Effects of Transition on Labour Market and Women's Employment

The planned system provided basic education, health care, housing and jobs to the entire population. Incomes were relatively equally distributed, and an extensive, if inefficient, welfare state ensured everyone had access to basic goods and services. Wages had little relation to individual performance. Work was somewhere we *went*, not something we *did* (World Bank, 1996, p.72).

Wage structures were rigid and varied narrowly from top to bottom. Although people were both hired and paid wages under centrally planned economy, labour markets did not operate like those in the market economies. In CEE and the former Soviet Union, firms faced incentives to employ as many as possible, so labour shortage, rather than unemployment, was the norm.

In transitional economies, labour markets require that people be paid at least broadly in line with efficiency. It requires that people be free to move across types of work, and at least to some extent, geographically.

Labour market: These adjustments are made up of three elements: changing wage levels and structures, changing sectoral and regional employment patterns (including increased work in the informal sector), and adjustment through unemployment.

*Wage adjustment:* Wage adjustment has occurred in transition economies. This is necessary to stimulate incentives for labourers to work hard and acquire skills. In the initial states of transition, wages fell (often substantially) relative to official consumer prices. Greater disparity of wages, incomes and wealth as well as the mobility of labour have occurred in transition economies.

*Changes in employment and unemployment:* The steep output decline made labour shedding from the state sector unavoidable. Workers faced four potential outcomes: staying in the state sector, moving to the new private sector, becoming unemployed (and possibly undergoing training), or dropping out of the labour force altogether (for example, through early retirement).

One of the major concerns of former socialist governments undertaking transition to the market is the effect of those reforms on employment. Employment in state enterprises is likely to suffer although agricultural employment and private sector and self-employment should rise. State enterprises are finally unable to release redundant workers formally if, as is usually the case, a worker is entitled to severance pay, often one month per year of service. This has led to partial or part-time employment, and hence workers in many transition economies engage in multiple employment to compensate for workload decline in their official workplace. People often take public sector employment for its more valuable benefits such as health care, education allowance, and government connections than for the salary (World Bank, 1996).

Women's work in transition: Female employment has been seriously affected in the transition period. Under the planned economic system, women were expected to work full-time. Reform has brought a dramatic decline in affordable childcare facilities and

deterioration in health care systems. Moreover, economic hardship and uncertainty during transition make it more difficult to feed the family; responsibilities that have always fallen predominantly to women in these countries. These changes can affect women's choices in two ways: women who would prefer to work may be forced to stay at home because they can no longer afford childcare, or more burdensome domestic responsibilities or becoming discouraged workers. Meanwhile those women who would prefer not to work may have to because they need income for their families. In addition, women's employment choices may be restricted by increasing labour market discrimination in job advertisements as evidenced by layoffs of women before men and open discrimination in job advertisements.

Survey data for several CEE countries show that the vast majority of women prefer to work outside the home. Besides the personal satisfaction and social interaction it provides, work gives them connections to the informal economy which provides vital income for their families during the transition. The transition has affected women's wages differently across countries. In some countries, as in Russia, greater wage dispersion has meant that women are always disproportionately employed in low-wage jobs. Women now earn even less compared to men than before the transition. In contrast, the earning gap between men and women has narrowed in other countries such as Poland and Slovenia.

### 3.1.3. Rationales for the Explosion of the Informal Sector in Transition Economies

Research by the World Bank on transition economies has concluded that the transition has brought about market growth in countries' informal economic sectors. The explanation for such growth is that many commercial and productive activities want to evade high and mobile

taxes, and to avoid restrictive and often unpredictably changing government controls. And the informal sector can employ workers flexibly and cheaply. Theoretical studies have indicated that as the economic and structural crisis hit the stability of the official economy, more and more workers are forced to find their livelihood in the informal sector. This supports why transition economies, facing structural adjustment, have their informal sectors expand so quickly.

Under the new system, wage structures are no longer rigid and vary with workers' efficiency. Earning gaps emerge in the new system and it is probably those that receive less pay in the formal sector who turn, in part or wholly, to informal economic activities in order to earn extra income. These activities are facilitated in the new environment where markets are liberalized and private activities are legalized.

The economic hardships during the transition period has led many people to find ways to make extra income, and the easiest way for them is to join in the informal sector as a part-time or full-time participants. As results of rapid urbanization process, and the widening income gaps between the city and countryside, many rural migrants find the informal sector as their choice to make ends meet.

### **3.2. The Case of Vietnam**

#### **3.2.1.A glimpse at Vietnam Under the Renovation Program 1986-2000**

After the failure of initial reforms in the early 1980s, Vietnam launched a new reform program in 1986. The new adopted program, called “doi moi”(renovation) was designed to transform Vietnam from a command economy into a socialist-based market economy. This means that Vietnam's development path takes on a socialist orientation in building a multi-sector economy. The state economy plays the leading role and together

with the cooperative economy, will gradually become the foundation of the national economy.

Like most other transition economies, Vietnam has adopted policies and measures aimed at transferring Vietnam from a centrally-planned economy where the state controls almost all economic activities and the private sector is constrained, to a more liberal market system. Starting with limited changes in the rural sector, the renovation program has accelerated its scope and pace since 1989. In a very short time, reforms dismantled collectives and granted farmers “user rights” to freely transferable land tenure for a period of at least fifteen years; liberalized most prices; increased the autonomy of state enterprises; allowed and encouraged new private businesses in many fields; opened trade and investment regimes; unified exchange rates and sharply devalued the currency; reduced fiscal deficits and restricted the growth rate of domestic credit; and raised interest rates to positive real levels. The reform also imposed financial discipline on state enterprises and laid off millions of redundant workers in the state sector.

As a result, the economy has achieved a steady growth of 8.4% per year during 1990-1997, promoting a rapid reduction of poverty. The living standards have improved markedly, but the benefits are distributed unevenly. According to the 1997-1998 VN Living Standard Survey (VLSS), the proportion of poor has dropped from 58% of the population in 1993 to approximately 37% in 1998 (World Bank, 1999). The VLSS takes into account food poverty and overall poverty. In 1998 food poverty is equivalent to US\$ 92 per person per year and overall poverty US\$ 128 per person per year. This is lower than the World Bank definition of poverty at US\$ 1/day. The Ministry of Invalids and Social Affairs (MOLISA) defines poverty as a person having a monthly income



of 55,000 dong or US\$3.9 for people living in mountainous areas, VND 70,000 (US\$5) for rural areas and VND 90,000 (US\$6.4) for city dwellers. Presently, poverty remains largely a rural phenomenon. But since 1998, the GDP growth rate dropped to 5.8% in 1998 and 4.8% in 1999 according to the General Statistics Office of Vietnam. The UNDP 1998 Global Human Development Report (HDR) places Vietnam 122<sup>nd</sup> out of 174 countries surveyed, based on three economic and social indicators (life expectancy, literacy and economic activity). The formal social security system (VSSO) can only cover urban workers and civil servants while the majority of people still rely on family support for old age (UN Basic Social Services, Dec.1999). It is a pay-as-you-go (PAYGO), pensions paid out of levies on current payrolls. All over the world, the PAYGO system is under fiscal stress and in VN, declining SOEs contribution led to reduce collection of payroll levies.

### 3.2.2. Key Factors Influenced the Labour Market and Employment During Vietnam's Transition Economy

Economic reforms negatively affected the labour market and employment in Vietnam. Employment in the state sector declined sharply, wages in the formal sector fell substantially relative to the official consumer prices. The unemployment rate has been increasing over the years: 1996: 5.88%; 1997: 6.01%; 1998: 6.85%; 1999: 7.4% while underemployment in rural areas is reported at 28.2%.(Dinh,Quan, 2000,p.4).The slow implementation of infrastructure for rural development projects, the limitation of cultivated land per head, and the wide income gap between rural and urban areas have led to large numbers of rural people moving to big cities such as Ho Chi Minh City and Hanoi to make their living. On average, about 20,000 rural people a year come to Hanoi

seeking jobs.(Nguoi Lao Dong newspaper, 1998).The private sector has developed strongly, it draws most new employees directly from the state sector rather than the mass unemployed because the private sector often requires experienced workers or those who have very strong connection with government officials. In short, the private sector requires higher skilled labourers than the informal sector does.The informal sector has also expanded drastically, it has created jobs and incomes for millions of Vietnamese during this period.

*State owned enterprise (SOEs) sector:* The *doi moi* introduced diversified forms of ownership (public, private). According to the Decree 25/CP and Decree 156-HDBT, SOEs have operated under the principles of self-accounting and self-management. The state no longer intervenes in the daily performance of enterprises. The objective of the government is to promote competition and an efficient allocation of resources in state industry. During 1987-1991, budgetary subsidies to SOEs were abolished. The retrenchment of the state sector in 1990-1992 affected over 1.1 million workers and reduced the number of SOEs from 12,000 to about 6,000 enterprises (World Bank Report no 14645, 1995, p 105). SOEs were further reorganized and reduced presently to around 5,700 enterprises in 1999 accounting for 30% of GDP and 15% of non-agricultural employment. Most of those that disappeared were small, money-losing enterprises belonging to provincial governments. Just over half were integrated into larger, more efficient enterprises while the rest were leased to the private sector or sold to pay off their debts. The National Assembly approved a bankruptcy law in December 1993, thus making it possible for banks to seize the assets of insolvent state enterprises and shut them down. Since 1990 some 2,000 state enterprises have been closed and 3,000

have been merged. The remaining state enterprises have been given greater freedom to hire and fire workers. They must seek their own financing because the state has slashed their subsidies (Jeffries, 1996, p.758).

*Private sector promotion:* Since 1988, the Vietnamese government has officially recognized the role of the private sector in promoting microeconomic efficiency through the competitive forces it involves and in promoting macroeconomic factors through exploitation of underutilized private resources. In December 1990, the Law on Private Business was established. According to this law, there are two types of enterprises to be distinguished. The first type includes private, registered companies that have legal personal rights. The second embraces household (family) and small-scale enterprises (less than ten); they belong to the informal sector. The recognition of the private sector was reiterated in the “strategy for socio-economic stabilization and development by the year 2000” adopted at the Seventh Party Congress in 1991. It stated that “All citizens enjoy freedom of business activity in accordance with the law, with their ownership and lawful incomes being protected”. The new Constitution in 1992 has brought favourable conditions to the private sector. Article 21 allows private enterprises to engage in all economic activities except in the fields of national defense and security. Article 23 states that nationalization of private property is prohibited. The legalization of private sector activities has led to rapid growth of this sector which appears under three main forms of organization: private stock companies, limited liability companies and private enterprises. Up to July 1995, there was a total of 15,276 private enterprises throughout the country, employing 338,683 workers. Family-owned and individual-owned enterprises have also

experienced an explosive development. From 1985-1995, it is estimated that non-agricultural individual enterprises created 2.3 million jobs (Pham, Linh, 1997, p.42).

*The collective sector reorganization:* Since the launch of economic reform in 1986, the number of small-scale cooperatives has reduced dramatically. Employment in this sector decreased from 46.9% in 1985 to 31.3% in 1990. In 1990 only 30% of small industrial and handicraft cooperatives operated profitably due to their competitive disadvantage. The agricultural cooperatives in urban areas turned themselves into small private entrepreneurs ( Pham, Linh, 1997, p.43).

*Land reform:* In a landmark decision on July 14, 1993, Vietnam's National Assembly voted to grant peasants long-term land-use rights. Accomplished by tax cuts, the new law is intended to encourage the country's 57 million farmers to invest in upgrading their land. That could be crucial in raising people's living standards. With the long-term land use rights, it is possible for farmers to sell, lease or invest in their individual plots. Farmers in the surrounding areas of cities often sell the land to rich urban people for an amount of money that they have never dreamed of before. But these farmers often don't know how to do business; they put the money from the sale in the bank and with high inflation rate, they lose most of the money. Giving up farm work, these farmers go to the cities to look for any kind of manual work. While the government's subsidized and collective system in the countryside has mostly been removed, farmers are encouraged to develop their household economy. Vietnamese farmers now face problems of accessing credit, market and poor infrastructure and the Government doesn't yet

subsidize price policy to help farmers promote their production. For most farmers, agricultural activity does not bring them as much profit they can earn by working in the informal sector in cities. They all want to go to the city to look for jobs. Rapid urbanization has also made the rural labour force redundant, this source of labour then must enter the informal sector to make ends meet.

*Population pressure:* Vietnam is the 13<sup>th</sup> most populous country in the world with a population of 76,325,000 by April 1999 and a population density of 231 persons per square kilometers. The Vietnamese are a young population with 57% of population under the age of 25. It has a population density of 11 persons per hectare of cropland (UNDP, Vietnam, 1999).

The Vietnamese government has tried to create jobs for its abundant labour force through creating export processing zones but has still failed to meet job demand. In the past five years, the government created 1.2 million jobs per year (Nhan Dan, April 20, 2001) but unemployment is a burning issue for the government to tackle. To add to this, most middle-aged workers or farmers who can not find a job in the formal sector or in the private enterprises, or cooperatives, do not qualify to work in export processing zones.

### **3.3. Gender Context in Vietnam's Development**

#### **3.3.1. Gender Relations in Vietnam**

Fundamental gender equality existed in Vietnam's traditional society, reflecting the necessity of cooperation in the primitive commune and the spirit of humanism, mutual love and respect among generations and between sexes. However, this situation

changed when the gender concept of Confucianism was transferred to Vietnam during the ten centuries of Chinese occupation. After that time, the Confucian value system became a virtual social institution in Vietnam. The Confucian values promote a strict hierarchy within society and family. The conservative ideology promotes values of submission, sacrifice, obedience and suffering, particularly for women, who were much less valued than men under this ideology. Traditional Confucian sayings include “ Men are to be respected, women, despised”. A woman lived under a system of three obediences: first to her father, then her husband and finally, upon husband’s death, her eldest son. Legal rights to property and decision making within the family were retained exclusively by the adult male as the head of the family.

The position of women and gender relations were dramatically changed by the establishment of a independent Vietnam in 1945. The power of Confucian values has been reduced and the position of women in the family and society has improved. Women were granted legal rights to equal pay for equal work, equal access to inheritance, the right to dispose of one’s own income. Husbands were expected to share equally in domestic work. While men and women are equal before law, the reality is somewhat different. Firstly, there is a strong and deeply entrenched Confucian influence which continues to denigrate women. Secondly, in rural areas, in villages, and in communes, there are strong traditions which generally discriminate against women. These traditions and practices view women in a role of dependency in the family, in economic activities and in social management. Moreover, both men and women subconsciously believe that men are superior to women. Many aspects of traditional and Confucian practices remain. And women are frequently subordinate to men in family life. Women still take most of

domestic responsibility even though women are likely to be fully employed in work, or the preference for boys still prevails in Vietnam and it has become more significant in the smaller families of today. These various traditions, practices are obstacles on the way to real equality between men and women in Vietnam.

### 3.3.2. Gender Division of Labour in Transition Period

Female share of the labour force is very high at 52% (World Bank 1996b). The 1992-3 Living Standards Survey shows that more than 90% adult men and women work outside the home. However, when hours worked inside the home are included, women work significantly longer than men.

Seventy per cent of Vietnamese women are employed in the agriculture sector (Beresford,1994). The remaining thirty per cent work in industry and trade, areas which have been growing rapidly since transition began (Beresford,1994). In 1992, women formed the majority of the workforce in commerce (71%), finance (78%), light industry (65%) (Beresford,1994). However, women's employment in construction, transportation and communication and finance dropped between 1989 and 1994. Layoffs resulting from the reorganization of state enterprises and privatization have hit women harder than men. Between 1990-1991, the state laid off approximately 553,000 women workers and women accounted for 71.6% of staff laid off in the cultural sector, 78.4% in the health sector, and 82.1 % in the commercial sector (UNICEF,1994). From 1991-1995, women made redundant from state sector accounted for 60% of the total laid off workers (Nguyen Thi Hang and Nguyen Huu Dzong,1996, p.34). After becoming redundant, women have to work to support their families as in most cases, the husband's income is not enough to support the whole family. Women have to accept any kind of work no

matter how badly paid, or how poor the working conditions. Women mostly engage in informal and agricultural sectors, low productive work such as street selling, garbage picking and in the private sector. The characteristics of employment in these sectors are precarious and unstable.

Under the centrally planned economy, the government provided free universal access to social services, including education, health care, family planning and childcare. These provisions were seen as essential to the emancipation of women by decreasing women's reproductive responsibilities, thereby enabling them to devote more time and energy to participate in productive work outside home.

Since the implementation of economic reforms, the existing regulations and policies on gender issues are neither followed nor enforced. Under the current transition economy, there are major dislocations in the socio-economy as market prices fluctuate, inflation remains high, and social services are neglected. All of these factors have affected women. Men have greater advantages and opportunities in finding employment because men, on average, have higher education and greater professional experience, and they feel less restrained by various social factors. Due to their reproductive role, women often receive lower priority for desirable jobs and they are also handicapped in competing for these jobs because of their lower education and professional training.

### **3.4. The Informal Sector in Vietnam**

#### **3.4.1. Concept**

Some concepts about the informal sector have been used in Vietnam so far:



*Non-structural sector:* Private economic units with less than 10 employees are not included in the list of organizations being founded, controlled and supervised by the State. The non-structural sector concept was defined by the Institute for Labour Science Research and Social Affairs in 1990.

*The informal sector:* According to the General Statistical Office in 1995, the informal sector includes production activities which contribute to GDP, mobilize idle capital among people who are out of reach of the non-regular sector.

*Non-regular economic sector:* It was described by Dr Vu Quang Viet in Hanoi in 1996 as a small-scale production sector, including family economic activities, and products either sold in the market or self-consumed. Activities do not comply with laws (State enterprise Law, Corporate law, Cooperative law, Decrees No66/CP).

*Non-regular sector:* The term is currently used by the Central Institute for Economic Management to refer to production and social activities that were not registered according to stipulations of the state or activities existing due to shortcomings of the legal system in the transition process and therefore were out of the state's control.

Generally speaking, the informal sector is an economic sector which includes small-scale production activities that are not registered, evades laws, or are not stipulated by laws. As the informal sector in Vietnam is mainly in the first stage of development, it mainly serves for survival purposes rather than accumulation. They are small retailers or manual workers, and all these activities are not taxed.

#### 3.4.2. The Development of Informal Sector in Vietnam

The informal sector existed in Vietnam while the country was a centrally planned economy (1955-1985). However, during this period, the informal sector was in areas

that needed to be retrenched, restricted and transformed. The sector included mainly traditional and small processing industrial activities and other family-supported activities such as husbandry, livelihood and processing for cooperatives and state-owned enterprises.

However, the share of the free market in the total retail sales value of society during the centrally planned economy kept increasing along with the downturn of the socialist economy. It gradually increased from 19.9% in 1960 to 28.6% in 1974 in the North. During the socialist transformation period (1977-1979), this share fell but it then rose dramatically from 50.1% in 1979 to 58.6% in 1983(NEU,1999, p.14).

In 1986 the Vietnamese Communist Party's Congress VI planned to develop a multi-sector commodity economy which created a new stage for the development of the informal sector. In the late 1980's when state-owned enterprises were reshuffled, many people turned to work in the informal sector. In the rural areas, low cropland per head and seasonal rice cultivation transferred the excess labourers to work in non-agricultural services. Almost all these labourers fled to cities and became workers in the informal sector. Even those people working in the formal sector have to find a part-time job in the informal sector as their salaries are not enough for their families basic needs. The informal sector has evolved rapidly since then.

#### 3.4.3. The Role of the Informal Sector in Vietnam's Transitional Economy

Investment in job creation in the informal sector is much lower than in other economic sectors. The investment can range from less than ten dollars to several hundred

dollars per capita while in other economic sectors, people have to invest thousands of dollars to create a job.

This economic sector contributes to GDP growth through job creation and increased income for labourers. This sector utilizes all untapped potential among people.

The informal sector helps to reduce the high unemployment rates in Vietnam. By reducing the unemployment rates, this economic sector indirectly contributes to reducing social evils.

The informal sector can provide small services or specialized products that can meet needs and tastes of small groups of customers. It also provides services and goods for poor and middle income households at affordable prices. The informal sector is always very flexible and quick to grasp customers' new demands.

However, the informal sector in Vietnam has also revealed its weaknesses. Working in the informal sector exposes people to unstable income, health problems and lack of protection from the labour law. Most economic activities in this sector can only bring short-term benefits for producers because they are unorganized businesses and have no long-term development plan. Most of these workers are lacking in management skills, legal awareness, and capital to invest in technology to become entrepreneurs. Because of lack of supervision of the legislation, working conditions in this sector are not hygienic or safe. Many activities have caused environmental pollution and disorder in public places.

#### 3.4.4. Vietnamese Government's Attitude Towards the Informal Sector

The government has encouraged the expansion of the informal sector as a means to create jobs and incomes, and to alleviate poverty during the transitional period.

The informal sector currently has not yet been recognized as a part of the national economy. However, the government does have some support policies for the poor through its hunger alleviation and poverty reduction fund. Poor people can now borrow money from the government; the amount ranges VND 500,000 to VND10,000,000 (US\$ 30 to US\$ 700). These loans have preferential interest rates, which are lower than the rates at the bank. But the number of people who can access this fund is very limited. Until now the government has not yet had a long-term policy for this economic sector.

### **3.5.The Informal Sector in Hanoi From a Historical Perspective**

#### **3.5.1.Basic Information on Hanoi**

Hanoi (Appendix B), the capital of the Socialist Republic of Vietnam, is almost 1000 years old. It is the political, economic and cultural center of Vietnam. Hanoi has a natural area of 927.39 square kilometres, accounting for 0.28% of the area of Vietnam, with a population of 2.5 million people, equivalent to approximately 3.25% of Vietnam's population.

The average population density is 15,857 people per square kilometer. Hoan Kiem district is the most densely populated area with about 41,432 people per square kilometer. Four districts on the outskirts of Hanoi have an area of 844.61 square kilometer, and account for more than 81% of the total area, with a population of 1.173 million people, makes up more than 47% of the whole city.

Over 66% of the people in the outskirts take part in the agriculture sector. While agriculture accounts for only 4.7% of GDP. Industry accounts for 39.9%, commerce and

service make up 59.6% of GDP. In recent years, the economic growth rate of Hanoi is higher than the average growth rate for the country. The average income per capita in five years increased from US\$ 470 in 1991 to US\$ 695 in 1995. Hanoi is undergoing a rapid urbanization process and had the highest unemployment rate (10.31%) in 1999 in Vietnam. The city is flooded by an influx of migrants from the outskirts and from other provinces looking for jobs in the informal sector.

### 3.5.2. Development Stages of the Informal Sector in Hanoi

From 1955 to 1985 Hanoi followed the socialist economic development model. It developed the formal sector, including state-owned enterprises and cooperatives while private and individual economic sectors were retrenched and transformed.

After defeating the French colonialists, the then Democratic Republic of Vietnam eagerly began its initial period of socialist construction (1955-1965). Hanoi was the leader in socialist transformation activities. It quickly retrenched all non-state economic sectors. During this period, the private economic sector made up only 5.6% of the population in the outskirts of Hanoi and 4.5% of city dwellers in the inner city respectively. Small-business households were also reduced from 40,000 to 13,500 and only made up 13.8% of the total retail sales value of the city (NEU, 1999, p.23).

In the next 20 years (1965-1985), the private economic sector gradually increased. The total number of workers in the private sectors of industry, trade, service rose from 18,400 in 1965 to 35,600 in 1975 and 39,822 in 1985 (NEU, 1999, p.23). This could be explained by the slow development of the formal sector. The formal sector focused mainly on heavy industry, and required huge investment capital. Its development pace could not keep up with the growing labour force of the youthful population. The formal

sector could not absorb all of Hanoi's labour force while the number of migrants arriving in Hanoi kept rising over the years. Low economic efficiency in the formal sector also meant low salaries for formal sector workers. These workers had to work extra hours in the informal sector as a way to make extra income to support their families. Since 1986, the informal sector in Hanoi, especially small businesses, has flourished. In 1995, the number of workers in the private economic sector was 128,000 persons, almost four times higher than the figures ten years earlier. The informal sector has developed in every field of production, commerce, services and transportation on a small-scale, mainly in the form of individual business households that use family labour or hire several labourers outside their families.

The table 3.1.summaries the structure of the informal sector in Hanoi

**Table 3.1.**

**Structure of The Informal Sector in Hanoi**

	Number of units	Number of workers	Average number of workers per unit
Production	23.47	37.55	3.3
Service	19.51	27.60	2.9
Trade	48.71	28.88	1.2
Transportation	5.91	4.50	1.6
Others	2.40	1.47	1.3

Source: National Economics University, 1999.

The informal economic sector has increased rapidly since 1986 due to the implementation of the economic renovation program. Working in the informal sector includes the redundant labour force retrenched from the formal sector, and the

includes the redundant labour force retrenched from the formal sector, and the cooperative sector, formal sector workers working for extra income, and rural migrants. In 1994, women comprised 70% of the informal sector workforce, many of them former public sector employees (Beresford, 1994).

Besides Hanoi residents, many people from the outskirts and other provinces come to Hanoi to seek jobs in the informal sector. According to the statistics of the Ministry of Labour, War Invalids and Social Affairs (MOLISA) in 1996, the number of people from rural areas seeking jobs in Hanoi was 138,796. They will take any job in Hanoi such as garbage collectors, porters, domestic cleaners, cook helpers, shoe shine boys, dish washers for restaurants or maids, etc. These types of jobs are unstable, low paid and may be hazardous to one's health. Rural labourers usually gather in places called "people markets" waiting for a job for the day. Hanoi has about 20-25 such locations.

### 3.5.3. Rationales for the Explosion of the Informal Sector During Transition Period

*- Factors arising out of the nature of a transition economy:* Developing a multi-economic sector economy launched by the renovation program can be said to have caused the informal sector in Vietnam in general and in Hanoi in particular to flourish. As presented, the legalization of the private sector is one of the main reasons that led to the growth of the informal non-agricultural enterprises. From 1985 to 1995 this sector created 2.3 million new jobs (NEU, 1999, p.19). People who work in the informal sector are no longer "chased" by the police, and their means of production are no longer confiscated by the police.

sector. These flexible people, to a certain extent, have helped Vietnam avoid a possible economic and social crisis.

Low wages in the formal sector is also a reason for the rapid growth of the informal sector in recent years (see table 3.2.). Although wage policies in the formal sector has improved over the years, it does not match with consumer prices. In fact, the salaries offered by many industries in the formal sector are not enough for workers to support their families. Some formal workers have voluntarily left the formal to join the informal sector as they can earn more. Many others especially in the industrial sector remain formally attached to their firms or factories, receiving low or zero wages but continuing to enjoy some enterprise benefits as health insurance while working increasingly in the informal sector.

**Table 3.2.**

**Distribution of Workers' Income in State Enterprises in 1994**

Income level( thousand dong/month)	Central enterprises	Provincial enterprises
From 120 to under 300	17.3	68.8
From 300 to under 500	41.2	25.9
From 500 to under 700	29.8	5.0
Above 700	11.7	0.5
Total	100.0	100.0

Source: Report by Vietnam's General Trade Union ( Nguyen Lan Huong, 1999)

*Rapid urbanization and low prices for agricultural products:* With high population pressure, real estate market prices are rising. Many farmers think that if they keep their land for agricultural production, they will never make as much in their lifetime as farmers as they would if they sell their farmland or turn their land into guest houses, restaurants or hotels. Flower, bonsai, and vegetable villages in the outskirts of Hanoi quickly disappeared. However, farmers don't know how to do business, and their money



as farmers as they would if they sell their farmland or turn their land into guest houses, restaurants or hotels. Flower, bonsai, and vegetable villages in the outskirts of Hanoi quickly disappeared. However, farmers don't know how to do business, and their money disappeared after several years due to business loss or waste in buying luxury accommodation or vehicles while doing nothing to earn money. These farmers then end up in the informal sector to survive.

*Factors arising from social aspects:* The change in public attitude towards people working in the informal sector has contributed to the growth in the number of people working in this sector. Under the centrally planned system, the informal sector in general and trading activities in the free market, in particular, have been looked down on by people. But now, people see the informal sector as an important source for their income during the transition period.

*Demand for a higher living standard:* During the wars, rich people were often thought of as selfish because Vietnamese people praised and followed the slogan "everything we do, we do for the national liberalization cause, not for individual interests". Now during the renovation process, people are encouraged by the slogan "individual wealth, prosperous country, and equitable, civilized society". People are encouraged to do business in every economic sector to improve their living standards. People use their professional skills to make extra money outside their working hours in the formal sector or they can open a small food stall in the streets, sell fruits and vegetables, or do odd work for their extra income.

### **3.6. Concluding Remarks**

With the transition to a market economy, there is evidence of some erosion in women's position. The renovation policy or "doi moi", officially adopted in 1989, has had a more adverse impact on women than on men. While new job and training opportunities in the urban sector have become available for some women (e.g. banking, tourism, computer), women have been more affected by the deterioration in health services and have experienced higher unemployment (caused by industrial restructuring and the shut-down of state-owned enterprises).

The fact that women workers who require extra costs from employers (e.g. maternity leave, sick leave, childcare allowances) hinder the employment of women.

The cutback of social services during the transition period, and ideology of patriarchy reflecting on the gender division of labour within the households, on education and on the belief that men are superior to women have shaped women's work in the informal sector. These types of jobs are unstable, low paid and may be hazardous to one's health.

The ideology of patriarchy has left strong imprint on gender issues in Vietnam. Women are barred from education, and most women retain primary responsibility for domestic work, including childcare, elder care, cooking and cleaning. Most cases, the head of the family is the adult male in the family. He is the person who makes final decisions on important issues in family such as budget allocation, children's education and number of children.

The informal sector in Vietnam has evolved rapidly due to the implementation of economic reforms. This sector has generated employment and incomes for million Vietnamese people and contributed to alleviate poverty during the transition period.

## **Chapter IV**

### **Case Study: Fruit, Vegetable and Flower Sellers in Hanoi**

#### **4.1. Introduction**

Historically there has always been an informal sector in Vietnam. Presently, it is playing an increasingly important role as an economic safety net for those threatened by the transition period. Street-selling activity has become a primary source of income for many Vietnamese people who are laid off from the formal sector or fed up with working in the formal sector, and those who are rural migrants. This economic activity has evolved rapidly in Hanoi in recent years with a majority of female participants. The plight of women vendors in Vietnam's informal sector is shaped by their situation as poor women with dual work burdens inside and outside the home. For these women, economic reforms have brought more opportunities to earn money but also a more difficult life. Let us now look in detail at the specific case of fruit, vegetable and flower sellers in Hanoi to examine the impact of economic restructuring on the female informal sector workers in Hanoi.

This study arises from my observation that more and more women vendors are seen in Hanoi streets today. Is it a good development indicator for Vietnamese women? Economic reforms have affected every single individual in Vietnam, so how have these reforms changed street sellers' lives?

The purpose of the study is to investigate who participates in this economic activity, the reasons for choosing this activity, the nature of the work that these vendors do, the problems they face and the aspirations they have. The study will analyze

contributions of these vendors to individual, family and society in both economic and social aspects. It is hoped that findings from this study will contribute to making the plight of female workers in the informal sector during Vietnam's transition period more visible. The study draws attention to the fact that these women need assistance from the government and local authorities to be able to enjoy treatment equal to that enjoyed by workers in other economic sectors.

Fruit, vegetable and flower selling activities are known as women's trade in Vietnam. However, these selling activities are also undertaken by a few men. These sellers are seen on the pavement with their products spread on a sack while many others are mobile in the streets. They carry two baskets of products with a bamboo stick on their shoulders or by bicycles. These sellers keep walking or moving until they have customers. They then stop and sell their products. It is not illegal for people to sell these products, however, by law, when they stop in the street or sit on the pavement for selling their products their selling activities become illegal. These female retailers buy products from the wholesale market in Hanoi, from their village markets or cut them from their own gardens.

## **4.2. Characteristics of Fruit, Vegetable and Flower Sellers in Hanoi**

Initially, I will consider the socio-economic profile with a view to understanding which factors determine their involvement in this economic activity.

### **4.2.1. Age**

The sample showed a wide distribution of ages ranging from 16 to 49. Thirty-nine out of 72 (54.1%) interviewees were between the ages of 26 and 40. The rest were

divided between the age groups 16- 25 (22.3%) and 41-49 (23.6%). The youngest seller was 16 and the oldest was 49. Age data by activity shows some interesting features. First, almost of the sellers in this study are young and middle-aged women. This is understandable because selling activity takes a great physical effort as most of sellers have to carry their products on their shoulders while walking for most of their working hours in Hanoi streets to sell products.

#### 4.2.2. Gender Distribution

Only four out of 72 (5.5%) interviewees were male. I did not observe many men involving in these activities during my field research. Possibly this indicates that vegetable, fruit and flower selling activities are dominated by female workers. I didn't interview more men because these activities are regarded as women's trade by Vietnamese society and the thrust of this thesis is an analysis of patriarchy.

#### 4.2.3. Family Status and The Number of Children

Only eight out of 72 (11.1%) interviewees were single. The predominance of women in the productive age group refutes the popular notion that women withdraw from the labour market during child bearing and early child rearing years. Hanoian resident sellers have an average of 2.2 children while the rural sellers have an average of 3.5 children. This presumes that this economic activity is overwhelmingly carried out by married women who have more children than the government's advocacy program for each family (one or two children only). Having more children means that they need more money to support their families.

Ten out of 15 said they stopped selling at the time of childbirth for a short period, normally from one to two months. They did not stay away from work for long

because of the fear of losing their regular customers and the inability to survive without their income. Five said they started working only after they had passed the child-bearing stage. They added that the expenses of bringing up their children was their main reason for joining the street selling activity.

#### **4.2.4. Education**

The overall education records of these people in the sample were very low, possibly because they were from very financially poor backgrounds. Women's education is closely correlated with the level of family income. Only seven out of 72 (9.7%) interviewees had completed high school, while 34 out of 72 (47%) and 27 out of 72 (37.5%) respondents had finished the junior high school and primary school respectively. Four out of 72 (5.8%) interviewees were illiterate people (someone who has not completed the primary education level is regarded as illiterate). No one had college or university degree.

Generally, the low literacy level of this group probably worked as a barrier to their access to information about the labour market and tended to isolate them from other workers. The study shows that 47 out of 72 (65%) respondents were rural women. The section of the informal sector was overwhelmed by rural women, and characterized by young, or middle-aged, and poorly educated women.

These selling activities are often regarded as traditional occupations for women, and training by the elders is imparted within the family to young girls. In other cases, they just started with it and got on-the-job training while being involved in this economic activity.

All men in this study have finished junior high school and all illiterate respondents are women. This is evidence of patriarchal ideology in Vietnamese society that there is no need for girls to achieve the same education level as boys. Girls need to learn how to handle with their domestic responsibility first. Families, especially poor families, do not invest their money in education for girls.

Access to education is a key determinant factor in securing employment, developing skills and increasing decision-making power. This is one of the reasons why women have to work in the streets. How these street sellers can cope with problems they face in the streets when they have very poor education level?

Table 4.1.represents a summary table of demographic characteristics of fruit, vegetable and flower sellers in this study.

**Table 4.1.**

**Distribution of Fruit, Vegetable and Flower Sellers in Hanoi  
by Demographic Characteristics**

Gender	M	4
	F	68
Age groups	16-25	16
	26-40	39
	41-49	17
Family status	Single	8
	Married	64
Education	Illiterate	4
	Grade 1-5	27
	Grade 6-9	34
	Grade 10-12	7
	College, university	0
Permanent residence	Hanoian residents	25
	Non-Hanoian residents	47

Source: Survey on fruit, vegetable and flower sellers in Hanoi, summer 2000.

### **4.3. Reasons for Participating in This Economic Activity**

The reasons for women to take part in these selling activities are varied. In this study, I divided the sellers into two groups: urban and rural selling groups.

#### **4.3.1. Hanoi Resident Group**

Thirteen out of 25 (52%) of Hanoian respondents in the study used to work in the formal sector. All of them were women and had junior high school education level. Nine of them lost their jobs in the formal sector during the economic restructuring period due to their low education, skills, health problems or their sick children. Four others decided to resign their jobs in the formal sector because wages they received from their jobs were too low. They needed to earn more money to feed their children.



The case of Ms H is a specific example of gender prejudice of employers in the formal sector during the transition period.

“ I used to work for Gia Lam Construction Company for ten years. In 1985, I had a second child when my first child was only three years old. I was punished by the company because the age between my first and second child was not enough for me to have the second child. The company took off my bonus for that year. A representative of the trade union came to persuade me to resign the job, in return, the company gave me a severance pay of VND110,000 which was equal to 250kg rice at that time.”

During this period, Vietnam's family planning policy allowed each couple to have one or two children but the age between the first and the second must be five years.

Meanwhile, the subsidized day care policy was removed as part of transition policies. H had no money to pay for childcare costs for her two children - one three years old and the other a new born baby.

In 1989, the government removed its subsidized policy toward small and medium state-owned enterprises (SOEs) while allowing managerial autonomy for SOEs. This led SOE managers to try to reduce their number of employees and to cut back its budget on enterprise-wide social services. Women were the first to be laid off during the structural reorganization of SOEs because Vietnam's protective legislation provides female workers with social security payments that male workers do not receive, such as maternity leave and children's sickness. SOE managers sought a way to reduce social security payment by decreasing the number of their female workers.

During the 80s, one of the ways to reduce the number of people working in the formal sector of the Vietnamese government was to offer workers a chance to work in East European countries for three years. These workers would get much higher salaries

than they received at their current jobs in Vietnam. Then when they returned, they no longer belonged to their factories or enterprises.

Many of these workers joined in the informal sector when they returned from overseas, as in the case of Ms L, 43, in the Thanh Tri district, on the outskirts of Hanoi. Ms L first worked for an agricultural product and foodstuff company in Danang. She then went to Russia to work in a garment factory from 1989-1992. When she returned home from Russia, she could not find a job in the state sector though she desperately wanted to work in the formal sector.

“I went to work overseas because I had no choice. I have only completed junior high school and I knew that sooner or later I would be named in the unqualified worker list of the company. I spent all my savings from my overseas job in looking for a job in the formal sector. But I failed. Without money, plus low education level, what I can do now is selling vegetables in the streets. It is the only job left for me.”

Four out of 13 cases used to work in the formal sector in this study volunteered to leave the formal sector because their factories could not provide them with enough work. As a result, their wages were not enough for them to feed their families. The case of Ms T is an example.

“ I decided to quit my job as a cook at a daycare center in Dong Anh district because I want to earn more money to help my family. My children’s future is very important to me. I believe that children are “parents assets” and we will have to rely on them when we are old. I want my children to get a high education, so they can have good jobs later.”

T, 46, was a worker at a daycare center in Dong Anh district. In 1989, she decided to quit her job as a cook at the center because the salary was too low. Her husband retired from his teaching position due to lung problems. The whole family, her parents-in-law

and two children relied on her husband's pension and her income. She has become fruit seller to help the family income. T now is the main income earner in her family. Both her two children are now students. One is a student at Hanoi Pedagogy College and the other is studying biology at the Hanoi National University.

The rest of twelve other Hanoian residents interviewed in this study have no previous work experience in the formal sector. They are housewives who participate in this economic activity because they do not have much capital or do not want to risk trying other businesses. Many poor women who chose to take part in this economic activity explained that this activity has not provided them as much money as they want but it is a profit-guaranteed business. This is very important for those who live from hand to mouth.

#### 4.3.2. Non-Hanoi Resident Group

This group (47 out of 72) makes up 65% of respondents in the study. The four male sellers in this study are all from the countryside. For rural women, a common factor underlying migration was the poverty of the family in their original place of residence. Before "doi moi" (renovation), not many rural women could go out of their village boundary. A striking change now is the significant number of women who migrate alone to the city for work. The need for cash to buy consumer products and expenses for their children's school forced them to join the activity in Hanoi. The family income of these women puts the majority of them below the official poverty line. Street trading is one of the points of entry for migrants into the working life of the city, but it is also a good way for rural people who seek extra income to cover their family's expense in the rural areas.

Having talked with rural women who sell in the Hanoi streets, they had two main reasons to enter the street selling activity. Before Vietnam started their open door policy

in 1988, farmers had to work in co-operatives and were not allowed to go beyond their districts to sell their products. In the transition period, the renovation program dismantled collectives and granted farmers “user rights” to freely transfer land tenure for a period of at least fifteen years. Thirty nine out of 47 rural respondents (82.9%) in this study chose to lease their individual cultivated land to someone else, then went to find a job in the informal sector in Hanoi as they said that working in the fields was too hard and incomes too low. Wide income gaps between rural and urban areas was the reason for them to give up working in the farm and become “ professional ” street sellers in Hanoi. V’s case is one example of full-time street sellers in Hanoi.

“ I am from Hung Yen province. I have worked as a fruit seller in Hanoi for almost eight years. It is much easier for me to earn money in Hanoi than in my village. In the countryside, we do not have much cash. We can have rice, vegetable or sometimes meat to feed our children, but we need cash to use for other purposes such as buying clothes, books for children and paying for medications”.

Ms V, from Hung Yen province, 130 kilometers from Hanoi said that her village had over 200 households. Almost every woman in her village came to Hanoi to sell fruits year round. V explained that farming always earned much less than working in the cities. The selling price of agricultural products was very cheap, and they did not have any other traditional handicrafts from which to seek income.

For part-time sellers, farmers were busy only during the planting and harvest periods. Many of them came to Hanoi to seek jobs after their harvest time. Miss H from Thanh Hoa province, 170 km from Hanoi, talked about her case:

“ I want to share the burden with my parents. You know that my province is one of the poorest provinces in Vietnam. I’m young, I have a good health, I do not want to sit idle and see my younger siblings hungry and drop out from school.”

H had seven brothers and sisters and she was the eldest in her family. She usually came to Hanoi to sell fruits for half the year, after the harvest time, to earn cash for her parents. Her parents would use her cash to buy fertilizer and to pay tuition fees for her three younger brothers. Her parents also used her cash to buy pigs for her younger sisters to raise as a source of income generation for the family.

The reasons for all women who sell fruits, vegetables and flowers in the Hanoi streets are that these activities need low investment capital and do not require education. This business is also characterized by a quick return of profit. They are easy to enter for poor women with little education. With very modest working capital of VND 30,000 per day or US\$2, a woman can operate a business. The highest amount of working capital in this study was VND550,000 or US\$35 a day. The more work experience these sellers had, the more money they invested in their business. Education level was not a factor. One interesting point in the study is that the volume of profits relied on the sellers' skills and the area in which they sold their products rather than the capital invested in their business. In this study, sellers in Hoan Kiem district often got higher profits than sellers get in Hai Ba Trung and Dong Da areas because Hoan Kiem district is a more densely populated area. People living in this district often have higher incomes than those who live in other districts in Hanoi. This district is also located near many offices and companies so sellers in this district often have more customers than in Hai Ba Trung and Dong Da districts.

There are many different reasons for women participating in the street selling activity in this study. But they are all linked to the patriarchal ideology and the negative consequences of transition in Vietnam.

This study shows that employers ignore the reproductive role of women and consider it a reason for them to lay off women during the transition economy, meanwhile women have to take both reproductive and productive responsibilities in their families as an obligation duty of a wife and mother. They have to help their family survive during the economic turmoil by participating in cash earning activities.

Vegetable, fruit and flower selling activities are considered as women's trade because no men want to perform these activities. Selling cheap products are not relevant to the high status of men in the family. This patriarchal position reflects a gendered division of labour in the informal sector. Inferior jobs are given to women who have lower status than men in the family.

#### **4.4. Time Allocation, Working Conditions, and Constraints**

To understand how fruit, vegetable and flower sellers live and work, we need to see how they use their time.

##### **4.4.1. Time Allocation**

Sellers in this study work 11 hours each day on average. All full-time sellers (64 out of 72 or 88.8% respondents) work 29 to 30 days a month. Sixty-one out of 72 (84.7%) respondents in the study work more than eight hours per day. These sellers, each day, work three hours longer than those who work only in the formal sector. Eight-hour

work days are regulated by the Labour Law of Vietnam. The longest working day in this study is 15 hours.

Every day, these sellers have to travel between five kilometers and 65 kilometers to sell their products. Their means of transportation can be bus and bicycle, bicycle only, bus and on foot or on foot only. Thirty-eight out of 72 (52.7%) sellers used bicycles to sell their products while 21 others (29%) walked to sell products. Eight cases (11%) have to take the bus to go to Hanoi then walk for selling their products, and five others (6.9%) use both bus and bicycle as their means of transportation. People who have to take a bus to Hanoi and then walk to sell their products have longer working hours than others in this section. Hanoian resident sellers who travel by bicycle to sell their products often have shorter working hours than rural sellers do.

One example of the case who used both bus and on foot as means of transportation is Ms P.

“Everyday, I leave home at 4 a.m. and buy fruit from farmers in my village. I take a bus for 40 km and arrive in Hanoi at 5:30 a.m. I then go to buy more fruit at the Long Bien wholesale fruit market in Hanoi, and start walking in the streets to sell fruits between 6:30 a.m. and 5 p.m. I often arrive home at 7 p.m. I earn VND 20,000 a day”.

P carries fruit in her two baskets. Each basket weights 15 kg or 33 pounds. She uses a bamboo stick on her shoulders to carry these baskets. She keeps walking in the streets in Hoan Kiem and Hai Ba Trung districts where she sells all her products.

Twenty-three out of 43 (53.5%) female rural sellers in this study go to work and return home in the evening. These women often spent 2.5 hours on average in the evening doing housework such as washing clothes, cleaning the house and preparing food for the next day for the family. Too tired after a long, hard working day, most of these

women had no time for entertainment such as listening to the radio or watching TV or playing with their children. They often went to bed at 9:30 p.m. and got up at 3:30 a.m.

Twenty out of 43 (46.5%) female rural respondents did not go home every day as they lived too far to be able to return home after finishing their working day. The farthest province of sellers' home towns in this study was the central province of Thanh Hoa, 170 km from Hanoi. The women who did not return home at night rented a space in a room that is 20 square meters for 10 people at Chuong Duong bridge. These rooms are close to the Long Bien fruit and vegetable wholesale market. They paid VND 2,000 per night and spent VND 8,000 for their two meals and water. These women visited their families once a month, usually on the occasion of family events. Their children stayed at home with their grandparents or their fathers. These sellers did not have domestic responsibility at homes but they had to suffer another kind of depression-home sickness.

Four out of 72 (5.5%) sellers were men, they all returned home in the evening. They spent their evenings relaxing such as chatting with their friends, watching TV or listening to the radio. They actively participated in social activities in their villages but not in doing housework as female sellers usually did. They usually went to bed at 9:30 p.m. and got up at 4:30 a.m. Domestic responsibility is considered as a woman's duty in Vietnamese society.

Hanoian resident sellers, 25 out of 72 (34.7%) respondents, had more time for their families, because most of them went to sell products by bicycle, and they did not have to spend time on transportation as rural sellers did. Their selling hours were 7 hours on average, and they spent three more hours for their housework. They spent their time in



playing with their children or watching TV. They often went to bed at 9:30 p.m. and got up at 4:30 a.m.

The average daily time spent by fruit, vegetable and flower sellers has shown that these women have to work longer hours than men do. Domestic responsibility always sticks to women regardless whether she takes part in any economic activity outside home or not. The labour division within the household is also caused by patriarchy. The consequence of patriarchy can be seen both inside and outside Vietnamese household in term of labour division. This causes hardship and shape women's work in the informal sector.

Table 4.2. is the summary table of time allocation of fruit, vegetable and flower sellers in this study.

**Table 4.2.**

**Average Daily Time Spent by Fruit, Vegetable and Flower Sellers  
Who Work and Return Home**

Time allocation	Hanoian sellers	Rural female sellers	Rural male sellers
Business hours	7	12	11
Domestic hours	3	2.5	0
Relax hours	Yes	No	Yes
Sleep hours	7.5	6	7

Source: Field study in Hanoi summer 2000

#### 4.4.2. Working Conditions

It is very important to examine the conditions of work: the degree of security, prospects of promotions and developments, and the benefits available for ensuring against contingencies of sickness, accidents and old age, as well as the pleasantness of the work environment.

First, we learn about the working conditions from the sellers' stories.

“ I have been selling vegetables and seasonal fruits in Hanoi for five years. I still do not have a secure place to sit and vend. I am not allowed to sit on the road where all my potential customers are passing, unless, of course, I pay off the security men of the local authority anywhere from VND 3,000 to 5,000 per day, depending on their mood. If I fail to meet their demands, my baskets and goods are confiscated. I have been moving from place to place, always on the lookout, hence my business never settles down”.

H lamented. She often had only 30 minutes for her lunch time, usually at 2 p.m. H explained that during the normal lunch hour of 11:30 to 1:30, it was the best time for her to sell her products, because many working people went out for their lunch, and they would buy her products. Every day, under the heat of the summer or the cold of the winter, H spent ten hours on average walking in the Hanoi's street to sell about 32 kg or 70 pounds of her products. She usually worked seven days a week.

However, not all women vendors are in such dire circumstances. I met a very lucky vendor in Lo Duc street in the Hai Ba Trung district. T said that she rented a spot to sell for VND 150,000 a month. She had her regular customers and earned a stable income. She did not have to walk in the heat or cold in summer or winter to sell her products. T worked for 10 hours a day, 7 days a week and she had lunch at her spot with no time for a break.

Street sellers are not required to pay taxes and fees if they keep moving from place to place. However, to be able to stop, they usually have to pay a security fee if they want to sell their products in a district for a while. This fee is usually paid under the table. Mobile sellers said if they were caught by the security men or police, their bribe or fine would take away all their profit for that day. This happened once or twice a month. Even more upsetting to those sellers was when purchasers had vehicles, and stopped, picked up products they liked and left without paying. Or if some teenagers took some fruits or flowers and ran away. Eighty percent of respondents in the study said these incidents happened to them but not on a regular basis.

In general, these sellers only take a day-off when they have to. Reasons for a day off include inclement weather or illness. If some women work for fewer days than others it is more because of their illness or taking care of other sick people in their family rather than their unwillingness to work. Sixty-one out of 72 (84.7%) respondents said they only take days off when they have to; they do not take a long leave because they are afraid to lose their regular customers. Therefore, by living on a daily wage, they do not have job security. Getting work for as many days as possible in a month is the most important consideration for these women.

#### 4.4.3.Constraints

These constraints include lack of capital, lack of space, and nonavailability of work. Household related constraints ranked second, for example, lack of help in the household. Personal constraints such as lack of suitable skills and educational qualifications are also a major barrier for women to choose other economic activities.

#### **4.5. Consequences of Participation and Aspirations**

This is the most difficult part of my interviews with vendors because this part dealt with personal issues such as how much people earn per day or how they deal with their family issues. I always used my notebook to describe my observations on interviewees after every interview I did. I promised them I would never use their real names when I used their information or stories. I also did a cross check of income information by asking them the same information but into two different forms of questions.

##### **4.5.1. Consequences of Participation**

###### **Positive side effect**

###### **A- Economic contribution to family budget**

Respondents in the study mainly live from hand to mouth, so this economic activity has made an important contribution to the family budget. The most significant effect of women's participation is their contribution to the economic well-being of the households to which they belong. They help to keep the household out of abject poverty.

In this study 43 out of 72 (59.7%) respondents said their income is the main financial resource for their whole families while 24 out of 72 (33.3 %) respondents said their income is equal to their husbands' income. Only five out of 72 (6.9 %) interviewees said their income is lower than their husbands.

The average profit of these sellers is VND19,500 per day or VND 565,500 per month of 29 working days. The minimum salary people in the formal sector receive is VND 210,000 per month. The seller with the lowest income in this study is VND 300,000 per month. However, these sellers can not enjoy social benefits that people in the formal

sector are offered by the government such as health insurance, or maternity leave with 100% of salary for four months. People working in the formal sector often have their income from different sources not only from their salary. So in fact their income would be higher than that of these sellers.

As mentioned previously, this section of the informal sector is ranked as one of the poorest groups in the society. Generally, their family income was just enough to cover a family's most basic needs such as low nutrition food, new clothes once a year for their family members, and school books for their children at elementary and junior high school levels only.

Some respondents said they could afford their children's university tuition fees, but ten out of 15 respondents said they could not afford their children's high school expenses in the rural areas and higher education in the urban areas. Savings are insignificant. The worst situation for these families is if someone in their families becomes ill. Hospital fees are their biggest problem.

The story of Ms V, a flower seller, 38, from Nhon village goes on:

"I cut flowers in my garden and sell them every morning. In the afternoon, I work in my flower garden, I earn VND 30,000 per day on average from selling flowers. I have six children, my working day starts at 4 a.m. and finishes at 11 p.m. Two out of my six children have to drop out of school because I can not afford their tuition fees. My husband works as a farmer. My 11 year-old daughter is in charge of cooking meals for the whole family. Last year, I developed kidney stones, and I had to pay VND 2,700,000 for treatment. I had to sell our TV, the most valuable possession in my family, to pay for treatment. Now I go to pagoda regularly twice a month to pray for good health for my whole family members. Only Buddha can save my family by granting us good health, so we do not have to worry about hospital fees".

Women's economic participation undoubtedly has positive consequences for the entire household as a woman's contribution helps a considerable number of families to

stay above the poverty line. The positive aspect of women's participation in this economic activity is some children have a chance to attend secondary school.

Most of these children are boys. Families often tend to invest their money in education for boys rather than for girls.

#### **B- Improving the status of women in the family**

This study has shown that the status of women in their family is improved in accordance with their increasingly visible economic contribution to their family. It gives an identity and higher status to women, primarily in terms of greater decision making power. Forty- two out of 68 female respondents (61.7%) in the study said that they could discuss family budget management with their husbands. These respondents believed that their husbands would listen to their opinions on family issues in accordance with their economic contribution level to their family budgets. However, they also said that final decisions on important issues in the family such as buying expensive furniture, the number of children they are going to have and children's education.

From the women in development (WID) perspective, it has been hypothesized that economic power lends status and decision making power to those who work. A number of decision-related questions were posed to the respondents. They were questioned about decisions regarding their incomes, household income, the number of children, and education of children. These results reveal that all the women who are economically active do not necessarily make the decisions regarding the spending of their incomes. Only fourteen out of 68 (20.6%) female respondents said they decided how to spend their own income while 42 out of 68 (61.8%) female sellers answered that joint

decisions were made between them and their husbands. Twelve out of 68 (17.6%) women said their husband's parents decided on financial issues in their extended families.

This data reflects the fact that working outside the family helps improve the status of women in their families but that patriarchy is still rooted in Vietnam's society.

Husbands or a male member in the family must be the family decision-maker regardless of how much money he can contribute to his family budget. Considering women's role in different kinds of decision making it can be inferred that, while economic activity generally implies an increased work load for women, it also gives them a higher status in terms of having a say in work-related and household level decision making.

#### C- Social stability contribution

This economic activity has also contributed to the society as it has created many jobs for poor urban and rural women. Millions of Vietnamese people live on incomes they earn from these activities. These activities also help to reduce social evils because unemployment leads to crimes such as theft, prostitution, and gambling.

#### Negative side effect

In low-income households paid domestic help is almost unheard of. Women therefore have to participate in both domestic work and economic work. On an average, the women surveyed spent nearly 11 hours per day in economic pursuits and 2.5 hours in domestic work. That is about 13.5 hours a day. In some cases, women have a workload exceeding 16 hours. These vendors work in the open, walking long distances carrying heavy loads, and facing harassment. These stressful conditions lead to coughs, colds, eye complaints, pain in hands and shoulders, stiffness in hands and hips, backache, and mental tension.

The study showed that ten out of the 15 (66.7%) in-depth interviewees resumed working within two months of childbirth. Two reasons were given for resuming work so soon after the childbirth. One reason was fear of losing their customers, and the other was the need for earning a living. This has serious implications for women's health and for the upbringing and health of their children. Most of them leave their babies at home with other adult members and grown-up children in the household.

The impact of women's economic participation on children can be studied using a number of parameters such as, education, health and nutrition, extent of domestic responsibility, and other related issues. In this study we have taken only two variables, the education of children and the type of work that children of these women are engaged in. The case of Ms L is an example:

“ We live from hand to mouth. My eldest daughter, who is 12 years old, stays at home, while two younger sons go to school. Their books are expensive for us. For clothes and shoes I can get donations of used items from my long-time customers who know my family situation. My eldest daughter, M, takes my domestic responsibility when I am at work. She has to cook two meals for the whole family, cut grass, feed pigs and chickens and take care of her two younger brothers. She sometimes forgets and runs off to play because she still is a child”.

L sells vegetable and seasonal fruits; every day she has to travel 30 km to sell her products. Her workday starts at 4 a.m. and she usually returns home at 7:30 p.m. Words like entertainment do not exist in her vocabulary. She works 30 days a month. Her husband also works in Hanoi as a construction worker. He only goes home once a month. The whole family income is about VND 1,000,000 per month.



This study shows that one of the major negative consequences of women's economic participation is neglect of their children. The negative aspects include staying at home alone, taking care of younger siblings and doing domestic work.

However, there are problems arising when rural women have to stay in Hanoi and only visit their families once a month. Six out of 20 (30%) rural women who live away from home in this study said that their relationship with their husband has deteriorated but these women have no choice. They need money to support their families, especially to give their children a chance at a better lifestyle.

In short, the negative consequences of women's economic participation could be seen in the form of increased burden and drudgery of women, neglect of children and greater workload for the older female children.

#### 4.5.2. Aspirations

The purpose of this study is not to present a balance sheet but to identify the positive and negative consequences of women's work. From the point of view of policy it is important to find ways to minimize the negative effects of women's work and to maximize its positive effects.

The most common aspirations expressed by women in this study was access to a secure place to sell their products and to health insurance. Those without a fixed place are often subjected to harassment because they do not have an authorized work space. Fines, bribes, and harassment become an integral part of their lives.

Some expressed their wish to borrow money at preferential rates from the banks while few others wanted to have a handicraft occupation in their villages as a source of income. Respondents in the study accepted whatever work was available and feasible at a

given point of time. This survey, however, did not reveal whether women moved from informal sector to formal sector activities. Some Hanoian resident sellers expressed their wish to develop their business or run other businesses that have less strenuous working hours.

As Ms H, a flower seller said:

“ I will develop my business if I can have a soft loan of VND10 million or US\$ 700. No way I can borrow from the bank. There is very limited number of people who can access to soft loan. I hope one day I can have enough capital to rent a small shop to sell only rare flowers, I want to hire some girls to provide a home-delivery service to customers. If I can do this, I will earn more money with less working hours”.

For rural sellers, no one indicated that they would like to return to farming, they said farming did not make enough money for their family expenses. Some said they just worked and did not think about their future. Quite a few middle-aged rural women said that if they had a traditional handicraft occupation and they could sell their products, they would prefer staying in the village to do farm work and do handicraft work

Forty-seven out of 68 (69.1%) female sellers in this study are not clear about what they would like to do in the foreseeable future; whether they would like to change their activity or expand their present business to improve their income levels. Fourteen out of 68 (20.6%) women wished to shift to more profit oriented and less strenuous activities or to change to another activity which would offer them higher social status, and seven out of 68 (10.3%) women wished to expand their present activity.

Responding to the question: “ What would you like to do if your husband, father, or son started earning enough to support the family?”, forty-two out of 68 (61.8%) female sellers stated that they would continue working but would like to reduce the number of

business working hours to 6-8 hours a day. Twenty-six out of 68 (38.2%) women said they would stop working if the family could manage without their financial support.

In order to probe into further the level of dissatisfaction regarding women's work and working conditions, the respondents were asked if they would like their children to pursue their occupations. Fifty-eight out of 72 (80.6%) respondents said they do not wish their children to follow in their footsteps, while 14 out of 72 (19.4%) sellers wished their children to remain in their occupation. The negative response to this question reaffirms the extent of hardship faced by women in this sector. These women do not want their children to go through a similar experience. They obviously want their children to find better work and to improve their living standard.

#### **4.6. Research Findings**

Fruit, vegetable and flower sellers in Hanoi in this study are predominantly carried out by middle aged, poorly educated and impoverished women.

Reasons for choosing this activity is based on the fact that these activities require a modest working capital, little education, quick return of profits and are the easiest way for poor and little educated women to make a cash income.

Street selling is a very stressful work. Sellers are constrained by long hours of strenuous work and health problems resulting from their working conditions. They face unsafe in workplace where harassment, fines, and thefts are a constant worry.

These economic activities help a considerable number of families to stay above the poverty line. By making a substantial economic contribution to the family budget, the status of these women in their family is improved. However, they are not

the decision makers in their families.

The negative consequences of women's economic participation in this study could be seen in the form of increased burden and drudgery of women, neglect of children and greater workload of the older female children.

Most women in this study want to work outside their home but expressed their wish to get access to a secure place to sell their products and healthcare and social insurance.

Women in this study do not have a definite plan for occupational shifts in the near future. Most of them do not want their children to follow in their footsteps.

## **Chapter V**

### **Conclusions and Some Suggestions**

#### **5.1. Conclusions**

The role of the dynamic informal sector in developing countries is very important, both economically and socially. This sector helps developing countries solve problems of high unemployment and contributes to the poverty alleviation caused by the economic restructuring process in these countries.

The formal sector does depend on the informal sector for low cost inputs and wage goods for its workers, and in turn the informal sector depends on the growth of the formal sector for a good portion of its income and clientele. Thus, it is more appropriate to describe this relationship as *interdependence*; however, this interdependence is characterized by a clear hierarchy with much of the informal sector in the subordinate position.

In many developing countries women workers are disproportionately represented in the informal sector, and that even in this sector, women, particularly poor married women, are found in certain types of employment. Women's occupations tend to be the extensions of domestic role such as cleaning. These types of employment are characterized by low and unstable income, with harsh working conditions. This is explained by the inferior status of women in family and society that is caused by the ideology of patriarchy.

In the case of Vietnam, findings of the study of vegetable, fruit and flower sellers in Hanoi have led me to the following conclusions:

1- These women play a critical role in the economy of poor households. Without their contribution, many of the households would remain below the poverty line. Women's role in the process of survival and development is much more important than what is generally believed as "marginal".

2- These women suffer from a dual disadvantage: first they are poor, and second the ideology of patriarchy is deeply rooted in Vietnam society. This gender/ class determined disadvantage manifests itself in a division of labour which places the majority of poor women at the bottom of the income scale. This is true not only between different occupations but also within the same economic activity.

3- Despite the economic contribution to family and social stability, the street selling activity has created a very dangerous gender space for women in terms of long hours of strenuous work, physical hazards, mental tension and neglect of children.

The conclusions of my fieldwork have demonstrated that my hypothesis on the situation of women vendors in Hanoi during its transition economy is correct. The impact of economic transition and the ideology of patriarchy cause hardship and shape women's productive work in the informal sector. The situation of women vendors in Vietnam's informal sector is shaped by their situation as women living in poverty with a dual burden of productive and reproductive work. These women vendors have no choice but to work in the streets to ensure their family survival. The street selling activity has created a very dangerous gender space for Vietnamese women in terms of working conditions, employment security, and maintaining a healthy family life.

## **5.2. Issues Raised After The Research**

The contribution of women vendors to the national economy should be recognized. By selling goods at affordable prices, vendors help the low and middle class families to survive on their incomes.

Legal access to space in commercial areas is limited to these women. A large proportion of these women vendors either sell from the pavement or are mobile. This constraint also prevents the women from carrying on their business on a large scale.

The questions of equality do not even enter the consciousness of the poor women. They work because they have to work and what is uppermost for them is basic survival and a better future for their children in terms of adequate food, shelter, clothing, opportunity for acquisition of skills and access to better jobs. In a supply-led labour market, women accept whatever work is available.

Women have to take up economic responsibility and women aspire to maximize their earnings. The increased economic responsibility is not necessarily followed by readjustment of the division of labour within the households. If at all, it is the children who share their mother's burden. In this case, the real issues are the provision of institutional support for childcare and better services for women.

Under the current economic circumstance when the Vietnamese government has not yet created enough jobs for people, these economic activities continue to be a choice for the poor to seek an income. However, in the long term, the street selling activity should not exist. These people should be given other choices either to work in other

businesses or to maintain their jobs by providing them a certain place in markets to sell their products.

### **5.3. Some Suggestions**

These vendors need to be provided with a place to sell their products as long as the government is not able to offer them other choices. This economic activity has helped many poor families live above the poverty line.

The government should provide social insurance and health insurance to these workers as they are very poor. They also need to receive more assistance from the government through access to soft loans or by receiving vocational training to help them to be able to choose other business activities if they so choose.

For rural women, it is necessary to provide them opportunities to take part in the non-agricultural sector by developing forms of employment in rural areas through household businesses, small enterprises, or making handicrafts. This can help them generate extra income for their families and they can take care of their children as well.

Women's role in the process of survival and development is more significant than is commonly believed. Women's effective participation is hampered by a number of constraints. Their role can be further enhanced in the sense that what they do in order to merely survive can be made more viable if the constraining elements can be removed. The issue here is how to help women in pursuing their productive role more effectively, enabling them to get better returns for their labour and in reducing the stresses and finding the right balance between domestic and economic responsibilities. The



recommended policy measures are training for skill formation, provision of childcare; and basic services like water, sanitation, health, increased access to productive assets. Women should be encouraged to mobilize themselves to join cooperatives, trade unions, and associations with a view to realizing their full potential for development.

The significance of the provisions for childcare at the community level is immense for poor working people. Institutional child care and preschool education at the community level is crucial for poor women as their income is essential for the survival of their households. On the other hand, in the absence of proper care and education these children will also grow to be unskilled workers and become victims of the vicious cycle of poverty.

Women's awareness of law should be enhanced so that they can understand their rights and responsibilities.

## **Appendix A: Questionnaire**

## Phieu Dieu Tra

- 1 Ho va ten nguoi duoc hoi:
- 2 Dia diem thuong ban hang:
- 3 Noi tam tru :
- 4 Co phai nguoi Ha Noi khong? Co/ neu khong, o dau ?

### I Nhung Thong Tin Ve Dan So Hoc

- 1 Tuoi va gioi tinh:
- 2 Trinh do hoc van:
  - Mu chu:
  - Cap 1 :
  - Cap 2 :
  - Cap 3 :
  - Dai hoc va cao dang:
- 3 Co gia dinh chua ? Co bao nhieu con ?

### II Nhung thong tin tim hieu ban chat cong viec

- 1 Anh ( chi) da ban hang nay duoc bao lau roi?
- 2 Anh chi co con lam nghe nao khac nua khong?
- 3 Tai sao anh chi lai chon mat hang nay de ban rong tren pho?
- 4 Anh chi ban hang nhieu nhieu tieng mot ngay va bao nhieu ngay mot thang?
- 5 Moi ngay anh chi thuong di bao xa de ban hang ?
- 6 Anh chi dung phuong tien gi de di ban hang?
- 7 Truoc khi ban hang tren pho thi anh chi lam nghe gi?

### III Thong tin ve kinh doanh

- 1 Anh chi dau tu bao nhieu von cho mat hang nay?
- 2 Anh chi thu lai ve bao nhieu mot ngay?
- 3 Thu nhap theo thang cua anh chi co on dinh khong?
- 4 Thu nhap cua anh chi hien nay co cao hon thu nhap anh chi lam viec khac truoc day khong?
- 5 Anh chi co phai dong tien le phi hoac tien “boi duong” cho cong an hay bao ve phuong khong? Neu co thi la bao nhieu ?

#### **IV Tìm hiểu các vấn đề thuộc về riêng tu**

- 1 Anh chỉ có những khó khăn gì trong việc bán hàng hiện nay?
- 2 Nếu được lựa chọn anh chỉ muốn làm việc ở cơ quan nhà nước hay thích đi cho thuê hiện nay?
- 3 Thu nhập của anh chỉ đóng vai trò như thế nào đối với ngân sách của gia đình?
- 4 Ai là người quyết định các vấn đề lớn trong gia đình anh chỉ như chi tiêu, mua sắm, vận dụng đất đai, học hành của con cái ?
- 5 Anh chỉ có thấy khi mức đóng góp kinh tế của anh chỉ tỉ lệ thuận với địa vị của mình trong gia đình không?
- 6 Anh chỉ có hai lòng với công việc hiện nay không? Có kế hoạch gì cho tương lai gần không? Như đi nghe / hoặc mở rộng kinh doanh?
- 7 Theo anh chỉ đây là công việc nặng nhọc hay bình thường?
- 8 Sức khỏe của anh chỉ thế nào?
- 9 Cuộc sống gia đình vợ chồng có hòa thuận không?
- 10 Ai trong con cho anh chỉ khi anh chỉ đi làm xa nhà?
- 11 Anh chỉ có nguyện vọng gì muốn đề đạt với chính phủ cả chính quyền không?
- 12 Anh chỉ có muốn cho con cái sẽ theo nghe này không?

# **QUESTIONNAIRE**

## **Street fruits, vegetable and flower sellers in Hanoi**

Respondent's name:

Working place:

Living address:

Hanoi permanent resident:                      yes / no if no, where ?

### **I Demographic information**

1 Age and sex

2 Education level:

- Illiteracy
- Primary school level
- Junior high school level
- High school level
- College, university level

3 Are you married? How many children do you have?

### **II Understanding the nature of street selling activity**

1 How long have you been involved in this economic activity?

2 Do you currently take any other job?

3 How many hours do you work in the streets a day? How many days do you work per month?

4 Why do you choose this kind of products to sell?

5 How far do you often have to go to sell products?

6 By what means of transportation?

### **II Information about business**

1 How much money do you invest in this business?

2 How much do you earn per day (net income)?

3 Is your monthly income stable or not?

4 Is this income higher than in your previous job?

5 Do you have to pay informal fees to local authorities / police? if yes, then how much ?

### **III Personal issues**

1 What are your difficulties in doing this job?

2 If you have a choice, where do you want to work in the formal or informal sector ?

3 How much does your income contribute to your family budget?

4 Who does decide important issues in your family such as buying expensive accommodation, children's education and business investment?

5 Does your status in the family improve when your financial contribution to family budget increases?

6 Are you pleased with your work? Do you have any plan to move to other business or expand your current business?

7 How do you find your work? Is it a hard work or just normal work?

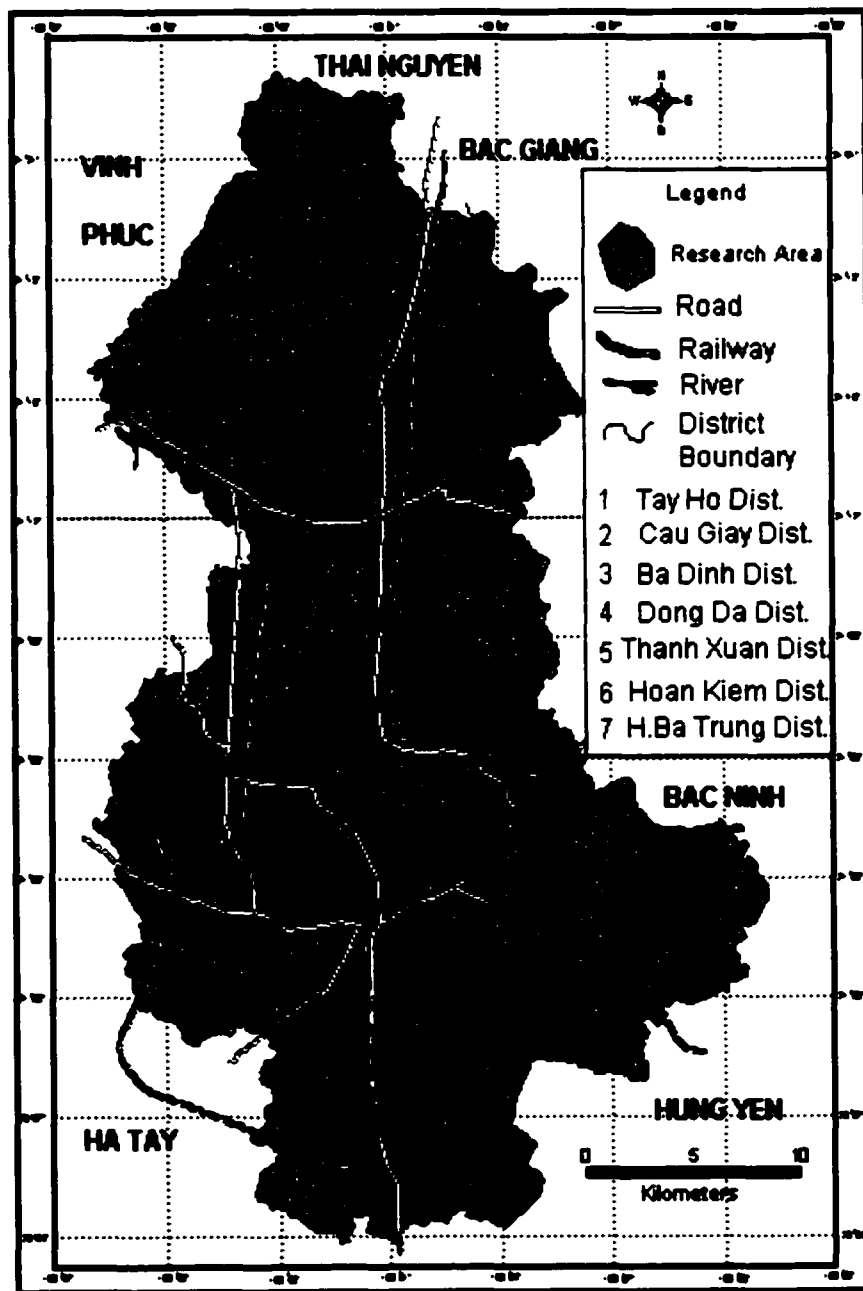
8 How is your health condition now?

- 9 How is your relationship with your husband or wife?
- 10 Who takes care of your children when you are at work?
- 11 Do you want your children to do the same job as you do now?
- 12 What are your aspirations?

## **Appendix: B**

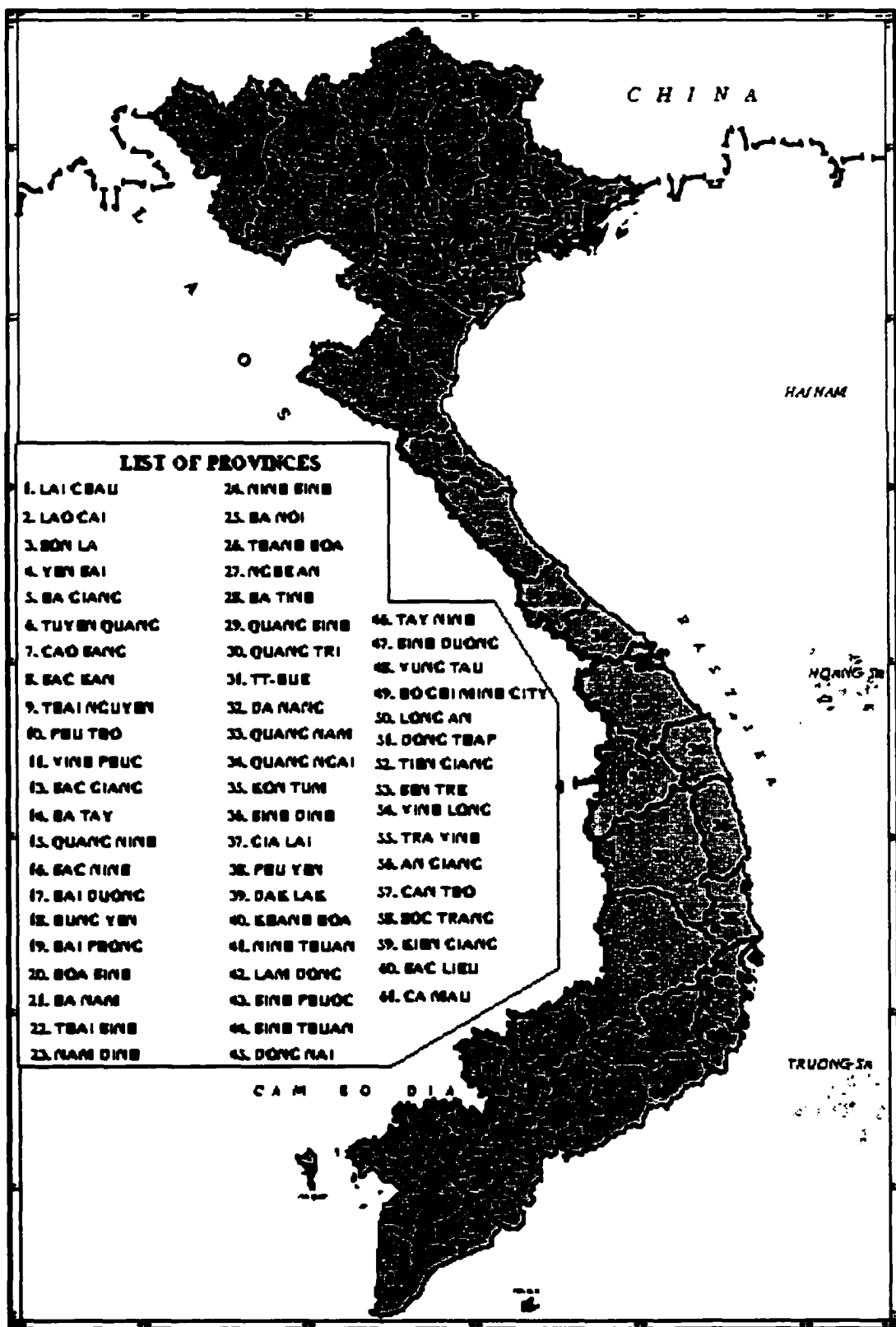
### **Maps of Hanoi and Vietnam**

## MAP OF ADMINISTRATIVE DISTRICTS OF HANOI





# MAP OF PROVINCES OF VIETNAM



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