International Labour Review, Vol. 143 (2004), No. 1-2

Globalization, social exclusion and gender

Marilyn CARR* and Martha CHEN**

This article looks at patterns of social exclusion and inclusion from the perspective of the working poor, especially women, in developing countries. It aims to identify different processes of social exclusion and inclusion – rather than assess their causes or measure their impact – in the context of specific processes of global economic integration that are driven by trade liberalization. More specifically, the focus will be on the reorganization of production into global production systems, notably global value chains and export processing zones (EPZs); and the reorganization of domestic production in response to trade liberalization. These related processes will be compared and contrasted, with examples from a few key sectors – garments, non-timber forest products, food processing, horticulture and construction – in a few select countries in Asia (India, the Philippines, Sri Lanka and Thailand), Latin America (Chile, Mexico and Peru) and Africa (Kenya, South Africa, Uganda and Zimbabwe).

In the European context, most analyses of social exclusion and employment focus on long-term unemployment or barriers to employment, i.e. exclusion from employment opportunities. But in developing countries, where the majority of the workforce has never had secure long-term employment, the concept of unemployment is somewhat problematic. Accordingly, the focus of this investigation will be not on unemployment *per se* but on the nature of employment opportunities associated with globalization, notably the *terms of inclusion* (of paid workers) and the *barriers to inclusion* (of the self-employed) in global production systems; and the *forms of exclusion* in domestic production systems associated with increased imports and other dimensions of trade liberalization.

* Research Associate, Institute of Development Studies, Sussex, and Director, Global Markets Programme, Women in Informal Employment: Globalizing and Organizing (WIEGO). ** Lecturer in Public Policy, Kennedy School of Government, Harvard University, and Coordinator, WIEGO. This article is based on a background paper prepared for the World Commission on the Social Dimension of Globalization, ILO.

The article is divided into three main sections. By way of background, the first defines the concepts used and reviews some of the current issues relating to social exclusion and inclusion. The second section discusses examples of three broad processes of social exclusion and inclusion associated with globalization. The third section of the article examines the implications of the examples cited, first for the analysis of social exclusion in the context of developing countries and, second, for the formulation of policies to address social exclusion associated with global economic integration.

Outline of concepts and issues

Global production systems: The export link

The world economy has changed in very significant ways during the past several decades. One dimension of these changes is the reorganization of production into global production systems, of which the best-known components are global value chains and EPZs. Although these components interact in complex ways, we consider each of them to be a different "system" in the sense that what drives and governs it is identifiable and distinctive. Indeed, most EPZs are established and governed by local governments in the South, whereas most global value chains are driven and governed by lead buyer or producer firms in the North. It is important to note, however, that the analytical distinction between global value chains and EPZs becomes blurred in real life because EPZ enterprises supply to global value chains and global value chains subcontract to EPZs.

Both systems are credited with creating new jobs. But employment in global value chains is often precarious because lead companies are likely to shift the location of production from one country to another depending on competitive advantages, including the incentive packages offered by different countries. Similarly, EPZs in several countries have recently shifted to more capital-intensive production processes that require either fewer workers or more skilled workers.

It is important to note that self-employed/own-account workers operating outside EPZs are also involved in global production systems to varying degrees. Some are absorbed into these against their will and on terms unfavourable to themselves. Others actively seek out links with higher-value export markets – inevitably through some sort of production chain – but they are not always successful in achieving this objective because of barriers to entry. Also, investment by large corporations in export-oriented production/processing activities using local resources and raw materials may deplete the supply or raise the price of these natural resources, forcing previously self-employed persons – e.g. small farmers or fisherfolk – to become dependent wage workers without independence or security.

Furthermore, in both types of system, there are marked shifts in focus (a) from employer-employee relationships to firm-government relationships (in the case of EPZs) or to inter-firm relationships (in the case of value chains); and (b) from concerns of production (and workers) to concerns of distribution (and consumers). These shifts are accompanied by specific processes of exclusion and inclusion. For instance, in their efforts to attract foreign direct investment (FDI), governments will often exempt EPZs from taxation and regulations that would otherwise obtain within their countries, thereby encouraging employment relationships that are not covered by labour legislation or social protection. In a global value chain, the lead firm tends to negotiate directly only with the first-tier of sub-contracting firms, thereby retaining power and control within the chain and excluding those down the chain from direct negotiations and associated benefits.

To understand patterns of exclusion and inclusion under each system, each system's various dimensions need to be understood, including: input-output structure and associated economic relationships; geographical location/s and spatial organization; governance structure and power relationships (i.e. who is "driving" the value chain or EPZ); and regulatory influences, both national and international (Gereffi, 1999).

Competition within domestic production systems: The import link

Other notable dimensions of recent economic change include trade liberalization and the associated movement of goods, both within and between countries. While this often leads to efficiency gains, it can also produce greater volatility in product and labour markets that impinges directly on unskilled workers and on the self-employed (Jhabvala and Kanbur, 2002). Despite its benefits, the troubling features of liberalization for unskilled workers include not only loss of employment but also a decline in wages, bargaining power and/or work security. In turn, each of these features reflects aspects of social exclusion: in this case, exclusion not only from work opportunities but also from wage and non-wage benefits of employment. Also, each of these features is associated with one or more types of change induced by imported goods and trade liberalization more generally, namely, changes in demand, technology, competition and/or institutional arrangements. Most notably, cheap imports of food and other consumer goods often lead to the destruction of markets for those goods produced domestically by own-account workers and small/micro-enterprises.

Social exclusion/inclusion

As originally conceptualized in Europe, social exclusion refers to the exclusion of citizens from the "social contract" and, more specifically, from standard secure employment. Recently, this concept has been extended to developing countries and broadened to refer to the processes by which certain groups are excluded from or marginalized by social, economic and political development. This extension has led, necessarily, to a fundamental rethinking of the concept because the context of most developing countries does not match that of most European countries. In recent years, most countries in Europe have experienced erosion of full employment and of the welfare state. Nevertheless, the majority of their workers still have standard wage employment and the majority of their citizens are relatively well-off. Most developing countries, by contrast, have never experienced full employment or developed a full-fledged welfare state. As a result, the majority of their workers are either self-employed or in non-standard wage employment; and the majority of their citizens are relatively less well-off.

Informal employment

The new concept of "informal employment" proposed by the ILO to the International Labour Conference in 2002 defines informal employment as employment without secure contracts, worker benefits, or social protection (ILO 2002a and 2002b). It comprises two basic components: self-employment in informal enterprises; and paid employment in informal jobs. The old concept of the "informal sector" – defined in terms of the characteristics of the enterprise (small, unregistered) – included the self-employed in informal enterprises and paid employees in informal enterprises. But it did not include casual labourers with no fixed employer, domestic workers who worked for households, homeworkers and other industrial outworkers who worked under sub-contracts for either formal or informal firms, or undeclared workers for either formal or informal firms. Under the new concept, paid employment in informal jobs includes all of these categories as well as the employees of informal enterprises.

The basic idea is that both types of informal employment – self-employment and paid employment – are associated with the lack of secure contracts, worker benefits and social protection, as well as with low average earnings. Of course, there are differences between the two sub-groups. In general, the self-employed face problems of exclusion from capital and product markets, while paid workers face unfavourable terms of inclusion in labour markets. But both typically lack bargaining power in the markets within which they operate; and both are typically excluded from social protection. Most of the self-employed, especially own-account workers, as well as informal paid workers cannot afford to pay for their own social protection; few informal paid workers are likely to have employment-based protection; and few informal workers or producers are likely to receive much by way of protection from the State.

By defining informality in terms of employment status or employment relationships, the new concept of informal employment thus represents a major conceptual shift. To begin with, it shifts some of the responsibility for informality from the informal workforce to formal structures (public and private). The old thinking associated with the concept of the informal sector assumed that informal-sector workers were avoiding formality, namely registration and taxation. The thinking associated with the new concept of the informal economy assumes that these workers would like the benefits of formality – namely, secure work, worker benefits, social protection, and voice – but that formal enterprises or the formal regulatory system serves to "exclude" them from these benefits. Under the new conceptualization, informal employment is seen as resulting from a process of exclusion from the non-wage benefits of employment.

Gender dimensions

Ascribed identities – notably ethnicity and gender – are often a source of exclusion or inclusion at work. This is manifested, for instance, in the segmentation of labour markets along the lines of gender, ethnicity, or some mix of the two. Consider, for example, the complex interplay of gender, caste and religion in determining who does what work in an Indian city. In Ahmedabad City, for example, as elsewhere in India, women are over-represented in the informal economy: over 80 per cent of female workers are engaged in the informal economy, as against 65 per cent of male workers. There are also gender differences within the informal economy in terms of employment status and place of work. Among the women who work in the informal economy, an insignificant percentage are employers, and surprisingly few are independent own-account operators; most are casual workers, homeworkers or unpaid family workers.[1] Indeed, the proportion of women who are homeworkers is almost ten times that of men who are homeworkers, and more than twice that of women who are independent own-account workers.

In many communities, traditional barriers still prevent women from going out of their homes to work. In Ahmedabad, and elsewhere in India, this is particularly true of Muslim women, but it is also true of Hindu women in many of the higher castes. For some women, having primary or sole responsibility for household duties, including child care,

---

[1] In other contexts, there are "dependent traders" as well who depend on wholesalers for their stock of goods or who sell on a commission. In Ahmedabad, many street vendors depend on wholesale traders for supply of goods on credit but are not otherwise dependent.

also prevents them from working outside their homes or areas of residence. This means that there are marked gender differences in people's places of work: in Ahmedabad nearly 70 per cent of women, compared to less than 10 per cent of men, work in their own or their employer's home; less than 8 per cent of women, compared to over 27 per cent of men, work on the streets or at construction sites; and less than 22 per cent of women, compared to nearly 60 per cent of men, work in factories or offices. There are also marked differences between groups of women in regard to the location of work. Most Muslim women and upper-caste Hindu women work from their homes, if they work at all. Compared to upper-caste Hindu women, a higher percentage of middle-caste women and a far higher percentage of lower-caste women are in the paid labour force and work outside the home.

A great deal has been written, in India and elsewhere, about why women work from home. Two schools of thought focus on supply-side factors. One argues that women *prefer* or *opt* to work at home because of the location and flexibility of work hours, which allow women to combine or "juggle" paid work, domestic chores and care work. The other argues that women are *conditioned* by prevailing gender norms to assume this triple workload and/or to restrict their mobility. This view implies that women do not "opt" but are *forced* to work at home. A third school of thought focuses on the demand for labour and argues that prevailing gender norms translate into gendered patterns of employment opportunities. Our findings suggest that all of these factors contribute to the concentration of women in home-based activities and to labour-market segmentation by sex within the formal and informal economies alike.

However, while globalization often affects male and female workers differently, "female workers" and "male workers" are not homogeneous groups; and globalization affects different groups of female and male workers differently. Indeed, the impact of economic globalization on workers generally – including associated patterns of social exclusion/inclusion – depends on the type of work they are involved in (e.g. wage work or own-account production) as well as their age, literacy/education, and ethnicity. Also, *where* they live and work is very significant as there are large differences in national and local policies.

The following sections attempt an analysis, with examples, of how the following articulate with each other: socially-defined relationships and identities (gender, ethnicity, race, religion); work-related identities; emergence of global production systems and shifts in domestic production systems associated with globalization; and forms and patterns of social exclusion/inclusion. But since patterns of work-related social exclusion vary not only by gender and type of work, but also by economic sector, by system of production, and between regions, a deliberate choice had to be made as to how best to communicate these complex patterns given the limits of time and space – hence the decision to focus on the complex interplay of social exclusion and inclusion from the perspective of informal workers and producers who are linked, either through exports or imports, with the global economy.

Globalization, social exclusion and work

This section seeks to illuminate how some of the more significant changes which are taking place in global production systems are impacting on the social exclusion/inclusion of those producers/workers who are the traditional labour force of – or new entrants to – the informal economy, with special attention to female producers and workers. In so doing, it takes examples from a range of countries in Asia, Africa and Latin America and includes both self-employed/own-account workers and paid workers in the informal economy. Three different types of change are explored:

(a) cases where export-led growth and development have resulted in the increased inclusion of workers in the global economy but on questionable/undesirable terms and with uncertain sustainability;

(b) cases where barriers to entry have prevented self-employed/own-account workers from taking advantage of new economic opportunities arising from trade and investment liberalization; and

(c) cases where trade and investment liberalization have resulted in the destruction of domestic enterprises or paid jobs through: flooding of the market with cheap imports/services, competing on unequal terms for local natural resources; and changing technology and skill requirements.

Terms of inclusion in global production systems

Export-led manufacturing

One of the best known features of globalization is the massive creation of jobs in export-led manufacturing in developing countries – particularly in south east/east Asia and Latin America. Starting in the 1960s, this was encouraged through the creation of EPZs which offered incentives to foreign corporations in the form of tax holidays, cheap labour and a "union-free" environment. EPZs raised many problems, including their isolation from surrounding communities and the consequent alienation of workers (the majority of whom had migrated from other locations). But they nevertheless did create a significant number of jobs – especially for young women. For some of these women, employment in EPZs represents a welcome alternative to less favourable forms of work elsewhere or a means of escape from an oppressive home environment. Most recent figures suggest that by 1995, some 27 million jobs had been created in these zones – of which 70 to 80 per cent were held by women – mainly in labour-intensive industries such as garments, footwear and electronics.

More recently, however, multinational corporations have turned away from FDI in developing countries and moved towards coordination of global production chains where they concentrate on retail and distribution, while outsourcing production to domestic companies in those countries. While some production still takes place within EPZs, global production chains now spread more widely across economies and incorporate a whole range of subcontracting arrangements which extend to home-based workers operating through various contracting arrangements and firms involved in the chains. These so-called buyer-driven commodity chains still concentrate on labour-intensive products and continue to employ a predominantly female workforce. Confined to these female dominated sub-sectors, however, women remain segregated and concentrated at the margins of the production process and at the lower end of the commodity chain. Typically, their labour accounts for less than 10 per cent of the total sale price of what they produce; they have no say in their working conditions; and they lack the means of redressing the balance of power and returns.

While these trends have undoubtedly led to the creation of new employment opportunities for women in the countries concerned, enabling them to become integrated into the global economy, there are several issues which need to be taken into consideration when evaluating the impact of such employment in terms of social exclusion/inclusion. In particular, the quality of this employment needs to be questioned. Typically, wages are very low, working conditions are very bad, contracts are rarely written, and benefits such as maternity leave, sick leave, annual leave or health insurance are unlikely to be provided. Indeed, firms that prefer to employ young women in factory jobs – often because they are seen as docile and unlikely to take union action or agitate for improved wages and working conditions – normally terminate employment once a worker gets married or becomes pregnant. The position of homeworkers in global commodity chains is even more precarious as they are more isolated than factory workers and have a more tenuous link with their employer. Inevitably, homeworkers are paid less than those doing the same work in factory conditions, and many of those now in homework used to work on better terms in factories which laid them off in order to save costs. Thus, two patterns are observable in export-led manufacturing.

First, young women who have not worked before are now included in the labour force on terms which are not optimal but possibly better than alternatives elsewhere in the domestic economy (Kabeer, 2000). In addition, the wage gap between women and men in export-oriented factories is smaller than in domestic production. For example, unskilled women workers in export-oriented garment factories in Bangladesh are paid almost the same (90 per cent) as unskilled men, as opposed to only 57 per cent of what men earn outside these factories (Joekes, 1999). However, discrimination persists in that very few women hold supervisory or skilled positions (where wages are higher than for unskilled work). Furthermore, gender wage gaps and occupational segregation have remained substantial in many countries. Indeed, recent research shows that the Asian economies with the widest wage gaps are those that have grown most rapidly (Unni, 2002).

Second, many women who were formerly employed in factory production (with or without contracts and benefits) have now been excluded and do much the same work from their own homes on terms which are much worse than before. Without exception, home-based workers are paid less than informal factory workers and receive no benefits from their employers. In any case, the latter often hide their links to such workers in a complex network of contractors and subcontractors, thereby distancing themselves from any responsibilities.

Against this background, several factors are now impacting on the situation of women working in export-led industries.

Market overcrowding

One such factor is that markets for labour-intensive products are becoming flooded and highly competitive. In the circumstances, one of two corporate strategies seems to be adopted, neither of which is helpful in improving the terms of inclusion of female workers in the global economy. One strategy is for multinationals to try to maintain or increase their market share in existing industries by undercutting competitors – usually by cutting labour costs in a race to the bottom. This process is facilitated both by the increased ability of firms to substitute casual workers and homeworkers for permanent labour within countries (flexibilization of labour) and by the ease with which capital can move across borders in search of cheaper labour. For example, when workers in footwear factories in Indonesia managed to raise their daily wage rate by about US$1 through union action, NIKE simply switched its sourcing to Vietnam to avoid the cost increase. Similarly, European buyers of ready-made garments have been switching from suppliers in Thailand to others in China and Vietnam where labour costs are 30 per cent lower. For factory workers and homeworkers in the Thai garment industry, this has led to a decrease in pay and loss of work (Lund and Nicholson, 2004). Thus, the very factors which led to women's "inclusion" in the global economy in the first place – unskilled work, low wages, low productivity – now have them trapped in downwardly mobile positions.

These female workers are marginalized (or excluded) not by being unemployed but by being engaged in types of work and working conditions that condemn them to low-wage, low-productivity occupations which involve increasing pressure and drudgery as companies resort to “sweating” their labour force. This corporate strategy is also detrimental to the very companies that adopt it as they become stuck in the trap of over-reliance on cheap labour, natural resource exploitation and generic commodity production which can contribute to long-term impoverishment even as their current business grows. Real wealth creation depends on companies developing the alliances, strategic thinking and innovation that are necessary to make the leap from easily imitated but unsustainable sources of competitive advantage to more sophisticated and sustainable sources of competitive advantage (Forstater, MacDonald and Raynard, 2002).

Regional trading agreements are adding to the movement of capital around the globe and the consequent loss of work and earning potential in locations that lose out. For example, following NAFTA, 150 factories were closed and 123,000 jobs lost in the apparel industry in the Caribbean as production moved to Mexico to take advantage of the duty-free regime governing imports to the United States market. Pressure to meet “just-in-time” delivery schedules is another factor contributing to significant relocation of garment-sector production away from Asia to the peripheries of Europe and North America. For example, The Limited, a manufacturer of Victoria’s Secret underwear, recently opened a plant in Mexico: despite the fact that wages are three times higher in Mexico than in Sri Lanka, it was nonetheless more economical to produce in Mexico because of savings in time, transport costs and duties. In fact, there has been a steady reduction in apparel imports from Asia to the United States, from 83 per cent of the total in 1980 to 41 per cent in 1996. Not only is it cheaper and quicker to operate on the doorstep of the target market, but it also allows textile manufacturers in the United States to supply the bulk of the fabric, something they cannot do with Asian suppliers (ILO, 1998).

The other strategy that multinationals can adopt to address the problem of competition in export markets for labour-intensive products is to diversify into different types of products which yield higher profits in less crowded markets. In countries where this is happening, the proportion of women employed in EPZs is falling as more men are recruited into the new industries which are technologically more sophisticated and which demand higher skill levels (which men are given greater opportunities to acquire). In Malaysia, for example, the proportion of female workers in EPZs fell from 75 per cent in 1980 to 54 per cent in 1990 (Joekes, 1999); in Mexico, the proportion of women in *maquiladoras* fell from 77 per cent in 1982 to 60 per cent in 1990 (Ghosh, 1995), and from 45 per cent in 1991 to 35 per cent in 1993 in the export sector as a whole (Ghiara, 1999). Thus, while skills were not needed to gain employment in the early stages of export-led industrialization, they are now becoming increasingly important in adapting to rapidly changing markets. As a result, unskilled female workers are being excluded from the latest and more technology-intensive phase of globalization in which there is a switch from working "harder" to working "smarter".

Heightened insecurity

Another factor affecting female workers in export-led industries as a result of their inclusion in the global economy is increased volatility and vulnerability. This was especially evident in the Asian financial crisis of the late 1990s which led to the closure of hundreds of export-linked factories financed by FDI and, primarily, portfolio investment. In 1997, there was a net outflow of private funds of US$20 billion from east and south-east Asia, as against net inflows of US$70 billion in 1995 and US$80 billion in 1996 (Joekes, 1999). Unemployment jumped from 5.3 million in 1996 to 18 million in 1998. The majority of those displaced were women, some of whom may well have found alternative homework in subcontracting chains. However, many homeworkers also lost their source of income as factories closed down. In the Philippines, for example, more than 200 garment factories closed in the first year of the crisis with the result that the homeworkers who used to supply them had to turn to self-employment – usually in street vending or even garbage recycling for very low profits because they lacked access to the skills, technology and credit needed to establish more profitable enterprises (Carr, 1998).[2]

Restructuring in response to crises – and the need to increase international competitiveness – has had similar effects in other parts of the world. In South Africa, for example, the restructuring process in labour-intensive industries such as the garment industry is leading to the retrenchment of hundreds of female workers, an as yet unknown number of whom may find alternative work as homeworkers in the clothing industry. In addition, restructuring is shifting women who are already in the informal economy into lower and less secure segments of informal work: for instance, self-employed garment makers who lose their market niche often have no alternative but to work under sub-contracts as garment outworkers; and self-employed workers of various kinds who lose their

[2] The hierarchy of employment statuses within the informal economy includes: employers who hire others, own-account operators who run family businesses or single-person activities (some of which are survival activities); wage workers of various kinds (from employees of informal enterprises, casual day labourers, domestic workers, and contract workers); and industrial outworkers. Within most sectors in most countries, average earnings or wages decline as one goes down this hierarchy. And, in general, women are over-represented in the lowest-return segment of this hierarchy (industrial homework) and under-represented in the highest-return segment of this hierarchy (employer).

market niche may be forced to take up waste picking or garbage recycling to earn a livelihood (Chen, Jhabvala and Lund, 2002).

Evidence suggests that following a recession, women are less likely than men to regain work at the same level and/or the same terms as before. In Mexico, for example, large numbers of women were laid off from all sectors during the 1995 crisis. In recovery, they typically regained employment in small establishments in the informal economy, whilst men took over the formal employment previously held by women. Fifty two per cent of the women in the textile and garment industry now work in enterprises of less than 5 people, in jobs with no social benefits or security (Cardero, Barron and Gomez Luna, 2000).

Thus, in the case of export-oriented manufacturing, women – who were the early winners in the globalization process – are now beginning to lose out. They are losing hold in factory production, both in terms of losing jobs and in terms of losing work-related benefits, and they are becoming increasingly reliant on home work, which pays less, and/or on the most marginal of own-account activities in the informal economy, such as vending.

Non-traditional agricultural exports

While Africa has largely been excluded from export-led industrialization – mainly because it is more abundant in land than in unskilled labour – it has become incorporated in global value chains of a different type, namely, those involving non-traditional agricultural exports such as fresh fruits, vegetables and cut flowers aimed mainly at the European markets. Horticultural exports from Africa have doubled since 1980, and in 1996 they exceeded the region's exports of coffee, cotton or any other single commodity except cocoa (Lund, 2003). Again, women are those who are most involved in and affected by these chains, accounting as they do for up to 90 per cent of the workforce of this fast-growing sector (Division for the Advancement of Women, 1999). In many ways, the structure of these global value chains replicates that of the labour-intensive manufacturing chains in Asia and Central America, with large corporations dominating the commodity chain and women working on large-scale "factory farms" at very low wages, in poor working conditions and without benefits of any sort. In fact, the terms of inclusion of women in these chains are arguably worse than those of industrial workers for two reasons.

First, work is seasonal with the result that it is more difficult to earn a living wage. Research in South Africa shows that while there are some permanent workers involved in the chains, these tend to be men (74 per cent), while women form the bulk of temporary or casual labour (69 per cent) without contracts or benefits. Flexibility results in part from seasonality, but it also reflects labour practices adopted by employers in order to reduce their contractual commitment to workers.

And as women comprise the majority of the flexible workforce, they are relatively more "excluded" than male workers. There is also a trend towards use of contract labour, whereby a contractor employs labour that is then provided to producers on a third-party basis. Under this system, the labour contractor is responsible for the employment conditions and pay of the workers, removing this responsibility from the producers themselves. This reflects further "flexibilization" of employment and, consequently, increased vulnerability and insecurity of workers. It also represents a challenge to the extension of social protection and other benefits in the sector, as the employer (i.e. the contractor) is more difficult to trace and monitor than would be the case if the workers were employed directly by the producer.[3]

Second, the health risks involved in horticultural production are typically higher than in labour-intensive manufacturing industries. The risks include: (a) allergies, eye soreness, skin problems and higher rates of malformation among new-born babies owing to the use of toxic chemicals by temporary workers without adequate training or protective clothing; (b) stomach problems and bladder infections due to lack of safe drinking water and toilet facilities; and (c) muscular pain and discomfort, lumbago and rheumatism because of the physical demands of work and long hours, often in damp and cold conditions (Lund and Nicholson, 2004). Consumer pressure in the North is forcing supermarkets to buy from producers that take measures to reduce health risks and adverse environmental impact, but this, in part, is leading to a more vertically integrated commodity chain in which supermarkets are increasingly involved in every stage of the production process with direct consequences for the inclusion/exclusion of actors and the division of functions within the chain (Dolan and Tewari, 2001; Barndt, 1999).

Latin America also has experienced considerable growth in its non-traditional agricultural exports. Between 1985 and 1992, the production of fruit, vegetables and flowers, grew at annual rates of 17.2 per cent in Central America and 48 per cent in South America (excluding Brazil). Employment patterns are similar to those observed in Africa. For example, in Chile, where fruit exports expanded from 340,000 tons in 1982 to 1.2 million tons in 1994, only 5 per cent of the permanent workforce – but 52 per cent of temporary workers – are women. This sector's rapid growth, combined with the pressure exerted by supermarkets in the North to ensure that they can guarantee the standards

[3] Similar practices have been observed in the bidi industry in India as employers/traders try to avoid labour legislation. This has resulted in employers/traders switching from: (a) the direct system of giving raw materials to home-based workers who return finished bidis directly; to (b) the subcontract system where a contractor supplies materials and receives finished bidis; and (c) the sate-purchase system where traders or sub-contractors "sell" raw materials to bidi workers and "buy" finished bidis from them. In the latter case, employers/traders become exempt from many regulations by claiming that the bidi workers are not employees (Chen and Snodgrass, 2001).

demanded by their customers, have resulted in the displacement of many peasant farmers from their land. Displaced smallholders now make up some of the 300,000-strong temporary workforce involved in Chile's non-traditional agricultural export business (Barrientos et al., 1999).

Non-traditional agricultural exports from Asia are also beginning to take hold; and worldwide, the value of trade in these products now exceeds that of trade in cereals. This business is thus an important and growing part of the global economy, with many implications for the social exclusion/inclusion of informal workers and producers in the South – and even for women in informal employment in the North. According to studies which trace the export of fruits from Chile to the United States (Barrientos et al., 1999) and of tomatoes from Mexico to Canada (Barndt, 1999), women who work in North American supermarkets are also subject to part-time work at short notice, have low pay and lack employment-related benefits.

Export of services

Among the distinguishing features of today's globalization is the fact that countries have become increasingly connected through trade in digitized information. Indeed, the digitization of information has made it possible, and generally cost-effective, to transfer information processing work, both in manufacturing and in services, to offices and work units that are remote from main premises, including abroad. In some developing countries, women have become the major recipients of this globally redistributed work (Mitter, 2003).

Again, this type of global system replicates the employment patterns found in export-led manufacturing: large numbers of young women are recruited into the emerging institutions of the digital economy – e.g. call centres – which provide new opportunities for inclusion but on terms which discourage long-term, permanent contracts and unionization. Although this sector's skill requirements are higher than those of manufacturing and non-traditional agriculture, women still tend to be clustered in the low-skilled end of the hierarchy with scant prospects for career progression. Thus, they are more likely to be employed in data entry and customer care centres than in the software sector. Data entry has so far been a promising source of employment for women, though technological changes could lead to redundancies if they lack the necessary training and skills to adapt. [4] In addition, data entry is also becoming a more "footloose" business. For example, there are indications of data-entry work moving from India (with relatively

[4] For example, all of the workers in "digiports" in Jamaica are women; and in India, the majority of data entry jobs for airlines, banking and insurance companies are filled by women.

high wages of US$1,250 per annum) to countries in Africa, such as Ghana (with relatively low wages of US$480 per annum). As with other types of labour-intensive work in which women predominate, there are also concerns about long-term health risks which have led to data-entry firms being described as "electronic sweatshops" (Mitter, 2003).

A more recent development in the digitized service sector has been that of customer care services, which provide white-collar work for women and men with modest education. Such services are typically provided on behalf of foreign companies – e.g. British Airways or American Express – by unmarried women between 20 and 25 years of age, who account for 40 to 70 per cent of the workforce. Pay levels in this type of work are higher than in most export industries but the work is hard and often monotonous. Workers need to pretend that they are from, and based in, Europe or North America and to speak with the appropriate accent; stress levels are high – both as a result of the highly competitive environment in which incentives are offered for top performers and because employees have to deal civilly with customers who often tend to be abusive and even hysterical. As a result, the "burn out" rate in this type of work is very high. However, most women see this as an interlude between school and marriage and are unconcerned about length of employment, contracts, benefits and career progression (Mitter, 2003).

Barriers to inclusion in global production systems

In economic terms, globalization has its winners and losers – the outcome depends on who you are, where you are and how you make your living. As discussed above, women in developing countries have to some extent been able to benefit from inclusion as paid workers in the global economy, although the quality of their employment may be questionable, and the benefits for individual women are often short-lived. Also, as globalization evolves, the prospects of female workers generally look precarious because their lack of skills – relative to male workers' skill levels – restricts their ability to adapt to changing labour market conditions and to move into more technologically advanced types of employment.

Many of the women drawn into paid work in export-oriented industries and global value chains previously earned their living as own-account workers. And if they lose their work for the export sector, they often have little alternative but to return to self-employment which – with the exception of crafts – has so far tended to be linked to the local or domestic market. However, globalization is now opening up new opportunities for the self-employed to be directly involved in exporting what they produce – provided they have the means to avail themselves of these opportunities.

Unfortunately, there are a great many barriers which constrain own-account workers from linking up with global markets and, in general, women face more constraints than do men. These barriers mostly relate to exclusion from factor markets (e.g. lack of access to land, credit, training, technology, infrastructure, information on markets and prices). Other barriers include lack of organizational capacity to set up cooperatives or associations; lack of voice and representation; and – especially in the case of women – lack of mobility (cultural restrictions) and time (domestic responsibilities). Lack of a supportive policy and regulatory environment for micro-enterprises can also preclude access to export markets. All of these barriers to entry apply to the agricultural, manufacturing and service sectors (including ICT-related business such telekiosk businesses) and constrain those wishing: (a) to increase productivity/quality to meet higher standards in export markets; (b) to diversify into new products in order to enter export markets; and (c) to set up an export business for the first time.

Two trends are observable in respect of self-employment in the informal economy. First, many of the self-employed are being absorbed into global production systems – often without their consent/knowledge and/or against their will – and on terms which are not entirely favourable to themselves. For example, this is happening to many forest workers who earn their living from gathering and selling non-timber forest products (NTFPs) such as medicinal plants, mushrooms, nuts and spices. By definition, these workers live in remote areas and can only access markets – even domestic ones – through a chain of intermediaries. As the demand for such products is growing in global markets (there are now 150 NTFPs of major significance in international trade), there is increasing interest on the part of foreign companies in commercializing these commodities. For example, there is a growing and profitable market for processed shea-butter in Europe, North America and Japan for use in cosmetics and, more recently, in chocolate manufacture. Growing demand is pushing up the final price for shea-butter in Northern markets, but the women who collect shea nuts in west Africa are totally unaware of this trend and continue to sell their harvest to the usual brokers/intermediaries who then feed the nuts into the ever more profitable global value chain (as well as continuing to supply domestic and regional markets). Thus, the shea nut collectors are now integrated in global value chains but without any knowledge of this, and without any means of exploiting more profitable markets to their own advantage (Carr and Chen, 2002).

Second, some of the self-employed have been able to link with global markets on their own terms through a range of strategies – e.g. by joining associations and cooperatives – often with the assistance of local and international NGOs, government departments, and local social entrepreneurs. For example, home-based embroidery workers who are members of the Self Employed Women's Association (SEWA) in India sell their products in North America and Europe through producer and marketing cooperatives, supported by their own Trade Facilitation Centre which undertakes all the necessary international marketing activities on their behalf (Commonwealth Secretariat, 2002). In many developing countries, associations and cooperatives of smallholders have also opened up sustainable channels to sell commodities in the North (e.g. coffee cooperatives in Colombia). Also, social entrepreneurs have established export businesses with smallholders or artisans as partners, such as "Fruits of the Nile" in Uganda, which enables over 100 female farmers to export dried fruits to the United Kingdom: while retaining their independence, the women earn twice the amount they would make from sales of fresh fruit in the domestic market (ACGD/WIEGO, 2002).

Enabling groups of own-account workers to organize in ways which assist them to overcome barriers to their inclusion in the global economy is obviously an important strategy here. In contrast to the case of the shea nut gatherers or that of the paid workers mentioned above, this approach leaves producers in control of decisions concerning how, where and when they undertake their work. However, the measures taken by some groups of self-employed workers to overcome exclusion can result in the exclusion of other vulnerable groups. For example, in Cameroon, where various voluntary associations have been formed to set up informal social security systems and/or financial alternatives to official banks, one ethnic group – the Bamileke – has succeeded in using informal credit associations ("tontines") to advance its business interests and ultimately monopolize lucrative trading activities to the exclusion of other vulnerable groups (Rodgers, Gore et Figueiredo, 1995).

New forms of exclusion from domestic production systems

Finally, there are many cases in which globalization is resulting in the destruction of earning opportunities for informal workers and/or the substitution of less favourable forms of work and employment. In particular, this can happen because of the entry of foreign companies using more advanced technologies, because of an influx of cheap imports, or because foreign companies take over local supplies of raw materials.

Imported technologies

The construction industry in India offers a good example of how foreign companies are destroying local jobs. Under the existing WTO regime, the essential requirement of global tendering has facilitated the entry into India of many large international companies, some of which are increasingly visible in infrastructural development projects undertaken with government funding or under bilateral/multilateral assistance arrangements. The increased mechanization this entailed is causing a significant displacement of labour from many construction operations – particularly those in which women have traditionally been employed, such as digging and brick carrying. The Indian Government's response has been to assist Indian companies in competing by upgrading their technological capabilities – a move which will lead to still further labour displacement through mechanization. On balance, women are likely to lose more jobs than men, and jobs created in operating new technologies are almost certain to go to men rather than women. In the absence of training for women in construction skills such as masonry – for which there is a growing demand – the net result of a more open economy will be a massive loss of work opportunities (Jhabvala and Kanbur, 2002).

There are similar changes in employment patterns in other sectors in India and elsewhere in South Asia. Thus, when herbicide spraying replaces weeding by hand (a female occupation), the spraying is most likely to be performed by men. Mechanized rice mills are operated mainly by men, while the women who traditionally used manual methods for husking paddy lose their livelihood. In the textile sector in India, handloom weavers are rapidly being replaced by powerloom weavers, and powerloom weavers with lesser quality machines are being replaced by those with better quality machines; in the food processing sector, multinationals with huge investments and state-of-the-art technology are replacing small units which were labour-intensive and employed thousands of female workers (National Labour Commission, 2001). In the coir industry in Sri Lanka, export promotion policies have led to a shift in the supply of coconut husks to mechanized units owned by men with access to credit and away from manual units operated by women with little access to credit (Bajaj, 2001).

Competition from imports

The production of cooking oils provides a good example of how economic liberalization can lead to the closure of local enterprises and loss of informal jobs through competition from imports. This is evidenced in most African countries, where small-scale oil-processing plants have closed owing to competition from imports of cooking oil from south-east Asia (ACGD/WIEGO, 2002). Similarly, in India, an estimated 3 million jobs have been lost as a result of the closure of small oil mills producing mustard seed oil, following the influx of cheap soya-based cooking oil from the Americas (Shiva, 2000).

Other cases of destruction of informal enterprises and jobs and/or lowering of prices for domestic commodities include the reduction in

Mexico's maize cultivation following NAFTA, which is estimated to have resulted in the loss of almost 1 million livelihoods (Madeley, 2000); and the fall in prices paid to India's female gum collectors as a result of large-scale imports of gum from Sudan. In the latter case, the problem is compounded by the fact that gum collectors are required by law to sell their produce to the Forestry Department instead of selling it to private traders who pay much higher prices (Jhabvala and Kanbur, 2002).

A further illustration of competition-induced job loss is that which is occurring in local retail businesses with the arrival of foreign superstores. For example, one of the effects of NAFTA has been the rapid proliferation of discount stores such as K-Mart and Wal-Mart in Mexico with resulting pressures on local business (Beneria and Lind, 1995). In southern and eastern Africa also, supermarkets have already proliferated beyond the middle-class sections of big cities into smaller towns and poorer areas where they have an impact not only on local retailers, but also on small-scale food producers who have to make investments and adopt new practices if they are to avoid exclusion from their traditional markets (Weatherspoon and Reardon, 2003).

Control of raw materials/natural resources

In many countries, governments have actively encouraged foreign investment in the processing of local raw materials/natural resources for export in order to earn foreign exchange. This has mostly been done without consideration for its impact on the domestic economy and on the thousands of informal enterprises, smallholders and workers that stand to be affected.

For example, under pressure to cultivate cash crops for export, many Indian states have allowed private corporations to acquire hundreds of acres of land: Maharashtra has exempted horticultural projects from its "land-ceiling" legislation; Madhya Pradesh is offering land to private industry on long-term leases; Andhra Pradesh and Tamil Nadu have allowed private corporations to acquire over 300 acres of land to farm shrimp for export. A large share of the agricultural production from these lands will go towards supplying the burgeoning food-processing industry, in which many multinationals are involved (Shiva, 2000). But while the export of commodities such as flowers, fruits and shrimp will undoubtedly earn foreign exchange, thousands of jobs will be destroyed, and many smallholders will be forced to sell their land and become casual day labourers, losing their independence and status in the process. According to one estimate, shrimp farming in India destroys 15 jobs for each job it creates (Shiva, 2000).

Elsewhere, as in Thailand for example, declining farm incomes have forced smallholders to become contract workers for multinationals producing "baby corn" and other export crops. Initially, the companies brought in seeds and fertilizers and bought back produce at guaranteed prices, and farmers could survive on two crops a year. Over time, however, yields started to decline and it became necessary to grow up to six crops a year with consequent damage to the soil, and with farmers no longer able to afford the increased expenditure on seeds and fertilizers. At this point, multinationals typically move on to another country where more farmers are encouraged to start producing for the export markets with the same destructive consequences (Shiva, 2000; *Thai Development Newsletter*, 1998).

Similarly, in Africa, several governments have encouraged foreign investment in fish processing for export markets. For example, the liberalization of trade and investment policies in the three countries surrounding Lake Victoria has led to the establishment of some 50 modern, capital-intensive fish-processing factories which export fish to Europe and Japan. As a result, thousands of women have lost their jobs in the smoking and sale of fish in local markets, and there is little or no fish left for local consumption, with disastrous consequences in terms of child malnutrition (Jansen, Abila and Owino, 1999). A similar situation obtains in Senegal where European fishing fleets and processing factories have turned previously self-employed female fishworkers into dependent day labourers who often must wait up to two or three days at factory gates to obtain work.

In all of the above cases, informal workers and producers – although they may still have some means of livelihood – become newly excluded from preferred types of work/employment as a result of increased globalization.

Synthesis and policy implications

This final section is divided into two parts. The first draws some general conclusions from the foregoing discussion on the articulation between globalization, social exclusion and work in the developing world. The second considers what could be done at the local, national and international policy-making levels to promote social inclusion within the context of increased economic globalization, including the gender issues involved. Also presented are a few examples of what is being done to promote social inclusion on more favourable terms.

General conclusions regarding social exclusion in the realm of work

Until the 1970s, most countries in Europe and North America enjoyed an era of full (or near-full) employment and a strong welfare state. In more recent years, however, many have experienced an evolution toward greater labour market flexibility and a crisis of the welfare state.

The rise in unemployment and in precarious employment – seen as two dimensions of social exclusion – is blamed in part on trade liberalization.

Most developing countries, by contrast, have never enjoyed full employment or a welfare state. Historically, social exclusion in these countries has taken the form primarily of long-term *employment* in the informal economy, be it self-employment or paid employment. More recently, there has been an increase in the proportion of precarious paid jobs that can variously be attributed to trade liberalization, other economic reforms, and the strategies of formal businesses.

Since the concept of unemployment does not "fit" this reality, the focus of this article has been as much on the terms of inclusion as on the forms of exclusion in the realm of work. Besides, globalization is also widely credited with creating employment in developing countries. So the real questions become: what type of jobs? on what terms? This is why the nature of the debate around social exclusion/inclusion in developing countries is somewhat different from the debate in developed countries: focusing more on the terms of employment, not unemployment; precarious forms of self-employment, not just paid work; and exclusion from factor markets, not just labour markets.

Hierarchy of exclusionary processes

As shown by examples cited in the preceding section, social exclusion and inclusion cannot be understood as a straightforward *dichotomy* because there are many processes of exclusion and inclusion, which often operate simultaneously. Nor are these various processes simply points along a *continuum*, with pure exclusion at one end and pure inclusion at the other. Rather, the various processes of social exclusion/inclusion are perhaps best conceptualized as a *hierarchy* that functions as a whole, affecting individual workers or producers in different ways. This hierarchy of social exclusion is structured by dominant institutions and players, both national and supra-national, which variously govern the overarching policy environment, the specific economic system (EPZ, value chain, sub-sector) within which the workforce operates, and the underlying social structures that determine who owns what and who does what.

To understand how the hierarchy of social exclusion/inclusion works in the realm of work, three questions need to be answered, namely: exclusion from or inclusion in what? how? and by whom? Answers to these questions are suggested in box 1.

The dominant players listed in the right-hand column in box 1 determine who is excluded/included from economic resources (left-hand column) through their influence over mainstream institutions and social norms as well as market transactions and policies/legislation (middle column). In other words, the structures, institutions and rules in the middle column are socially-determined by the dominant players

Box 1. Three questions on social exclusion in developing countries

From what?	*How?*	*By whom?*
Land	Market transactions	Dominant players:
Housing	Policies/laws	State
Other productive assets	Social norms	private sector
Credit/savings	"Rules of the game"	civil society
Secure jobs/productive work		community
Income		household
Worker rights/benefits		Dominant institutions

in the right column. The control they exercise as well as the norms or rules they determine may be formal or informal or some mix of the two.

From the perspective of gender, what this conceptualization suggests is that dominant players at the community and household levels determine the social norms that govern gender roles and relationships. Furthermore, these gender norms are reflected in not only the intra-household allocation of economic resources but also in market segmentation and policy biases.

In summary, this line of analysis suggests that:

- Processes of exclusion/inclusion relating to desired goods operate through markets and policies/laws which are, in turn, governed by powerful agents and mainstream institutions;
- Markets and policies/laws are "socially embedded", i.e. designed or governed by powerful agents through various institutions – both formal/informal and local/national/international;
- Exclusion/inclusion are caused not only by the workings of state agents/institutions but also by the workings of other institutions/agents (private sector, civil society, family/community);
- Exclusion/inclusion are caused by the workings of state, market, civil society, family/community agents/institutions not only at the local and national levels but also at the international level;
- Processes of exclusion/inclusion operate not just in labour markets or in relation to social security, as originally conceived in Europe, but also in other factor markets and under other social, economic, and political policies/laws/regulations.

Processes of exclusion/inclusion within specific production systems

To understand how exclusionary processes operate within particular production systems, a more precise set of questions needs to be addressed, namely:

Input-output structure and associated economic relationships: who is doing what for whom? under what type of contractual arrangement?

Geographical location/s and spatial organization: where is production/distribution located? how is it structured or organized?

Governance structure and power relationships of the system: who is "driving" specific chains or EPZs?

Regulatory influences: how are these systems regulated? by whom? at the local, national, and international levels?

This article has explored three different patterns of work-related social exclusion/inclusion associated with global economic integration. The first pattern comprises those cases where export-led growth and development have resulted in the increased inclusion of workers in the global economy but on questionable/undesirable terms and with uncertain sustainability. In terms of input-output structures, most global production systems – both value chains and EPZs – have core workers (hired directly) and peripheral workers (hired indirectly through subcontracting arrangements). In many global value chains, core functions are retained in one or more core locations while peripheral functions are sub-contracted to multiple peripheral locations, thus further reinforcing the core-periphery distinction between workers. In many EPZs, even core workers are hired under insecure contracts with few nonwage benefits.

In terms of geographic location and spatial organization, most EPZs have historically been specially designated enclaves. In recent years, some countries have expanded their geographical boundaries to include entire cities (e.g. China) or the entire country (e.g. Mauritius and Sri Lanka). But whatever their geographical boundaries, EPZs are typically confined to one country, whereas the locus of production in global value chains is often dispersed across several countries. This territorial distinction reflects the difference between dominant players: EPZs are set up by government while value chains are driven by (multinational) companies. In both systems, however, lead firms may choose to relocate or reorganize production depending on the comparative advantages of different locations, fluctuations in demand, or other economic considerations.

In terms of internal governance and external regulation, EPZs and global value chains are quite different – again because of the difference between dominant players and their interests. In most global value chains, the productive workforce is removed from the locus of control and power, the distance being typically greater in buyer-driven chains than in producer-driven chains. As mentioned earlier, however, the distinction between EPZs and global value chains is not clear-cut in real life because most EPZ enterprises operate within one or more global value chains and many global value chains include firms that operate out of EPZs. But except for zones that are set up to supply a single foreign firm, EPZs have a different governance and incentive structure from that of global value chains.

The second pattern of exclusion/inclusion comprises cases where barriers to entry have prevented the self-employed from taking advantage of new economic opportunities arising from trade and investment liberalization. In such cases, traditionally self-employed entrepreneurs/ own-account workers are unable to enter, and compete in or with, the export-oriented input-output processes outlined above. They are further disadvantaged when the lead firms in particular export sectors relocate or reorganize production. Even if they do manage to secure a foot-hold as a supplier or contractor in an export chain, they are very likely to be excluded from the internal governance processes of the chain. Furthermore, external regulation of the chain is more likely to focus on foreign investors within the chain than on domestic producers for the chain, thereby excluding domestic firms (especially very small ones) from various incentives and exemptions offered to foreign firms.

The third pattern of exclusion/inclusion comprises cases where trade and investment liberalization – especially under the "rules of the game" set by multi-national corporations and international financial institutions – have resulted in the destruction of domestic enterprises or paid jobs. In such cases, shifts in particular sub-sectors of the domestic economy, driven by increased imports and/or foreign investment, are leading to exclusion from paid jobs (due to changes in skill and technology requirements) and/or exclusion from self-employment (due to changes in technology, competition for raw materials, or competition in product markets). These processes are associated with shifts in the location of production (e.g. foreign firms entering local raw-material and labour markets) and in the location of distribution (foreign products flooding local product markets). Such shifts are often accompanied by a breakdown in traditional forms of internal governance, both informal and formal, as foreign firms begin to compete in domestic sectors. The new forms of internal governance and external regulation that emerge are often biased towards the foreign firms or, at least, large firms. For example, the costs of joining the new board that governs India's newly-liberalized construction industry are so high that few domestic firms, other than the very largest, are able to join (Jhabvala and Kanbur, 2002).

A suggested framework for policy

As the foregoing analysis suggests, the social outcomes of global economic integration can hardly be called "natural" outcomes of market forces. Rather, they are "political" outcomes determined by choices – in terms of policies, technologies, and market transactions – made by dominant players and institutions. This gives reason for optimism: it is indeed possible to change policies – provided the workings of the dominant institutions and processes are fully understood. Also, understanding how social exclusion/inclusion works in context should make it possible to promote greater or more favourable inclusion. On these assumptions, the following policy recommendations are suggested to address each of the three patterns of social exclusion/inclusion detailed above.

Pattern-specific policy objectives

Pattern 1: For paid workers in global production systems, the key policy objectives should be to extend *labour standards* and *social protection measures* to cover *all* workers, in both formal and informal employment. This should be done by promoting a context-specific package of collective agreements, national labour legislation and international standards, including ILO conventions and voluntary codes of conduct. The aim of promoting international labour standards, and related norms and regulatory frameworks, would be to improve and reinforce – but not replace – national labour legislation. And in order to ensure that both international standards and local legislation are translated into practice, collective bargaining arrangements for all workers, formal and informal, should be promoted as well.

Pattern 2: For self-employed entrepreneurs/workers trying to compete in global markets, the key policy objective should be to offer *financial services*, *business development services* and *incentive packages* to promote access to and competitiveness in global markets/production systems. These services should ideally be provided through some form of collaboration between the private sector, non-governmental organizations and government, with the latter ensuring supervision and providing subsidies and other incentives.

Pattern 3: For self-employed entrepreneurs/workers trying to compete with foreign companies for raw materials, the key policy instruments would be supportive *trade and price policies* that take into account the activities and needs of micro-enterprises and own-account operations. For paid workers trying to compete in domestic labour markets, the key policy objectives should be to upgrade *skills* and provide *placement services*. Again, these services should be provided through appropriate, context-specific collaboration between the private sector, non-governmental organizations and government, under the latter's supervision and with its support.

In addition to pursuit of these pattern-specific policy objectives, the promotion of social inclusion in the realm of work calls for reform to be undertaken in two broad areas. The first centres on the *reduction of four types of biases* in the policy, regulatory and institutional environment.

Correcting for systemic biases

Biases against labour (that privilege capital)

In the context of globalization, the most notable of these biases are those that allow companies to relocate their production operations quickly and easily across national borders without obligations to labour and without consideration for the fact that their former employees/ workers lose their jobs/work orders in the process. Though not yet widely implemented, various measures have been proposed to increase corporate responsibility in such cases. These include non-legal or legal measures to induce companies to provide severance notice and pay and/or to encourage host governments to impose a tax on companies that withdraw their investments, in order to cover severance pay due.

Biases against the informal workforce (that privilege the formal workforce)

These biases are embedded in labour law, labour force statistics, and in the international labour movement. The conclusions of the general discussions held by the International Labour Conference (ILC) in 2002 and 2003 provide guidelines, and a mandate, for reducing these biases against the informal workforce. In particular, the employment-based definition of the informal economy (and the accompanying statistical framework) endorsed in the conclusions of the ILC's 2002 general discussion on the informal economy needs to be officially adopted by the International Conference of Labour Statisticians (ICLS). Also, building on the conclusions of the ILC's 2003 general discussion on the scope of the employment relationship, action should be taken to encourage national and international legal initiatives designed, first, to prevent companies from disguising their employment relationships and second, to clarify and broaden the scope of labour law.

Biases against micro- and own-account businesses (that privilege larger businesses)

Most notably, these biases occur in trade promotion and business development policies. For example, a recent study commissioned by the city council of Durban, in South Africa, highlights the existing bias towards big business in the incentive packages, trade promotion, and business development services offered by the city (Budlender, 2000). The alternative approach, which the Durban city council is now trying to promote, consists in explicitly and systematically targeting incentive packages, trade promotion, and business development services at micro-businesses, especially those run by women and/or by persons from ethnic minority groups. Another way of reducing these types of biases it to support alternative trading organizations, especially those, like Oxfam's Fair Trade, that seek to ensure that their suppliers comply with ethical trading principles (Wilshaw, 2002). Likewise, support should also be given to pilot efforts to develop mainstream trading links for groups of female informal producers, such as those being promoted by SEWA in collaboration with various partners, including the Government of India, the World Bank and the global network WIEGO (Women in Informal Employment Globalizing and Organizing).

Biases against women (that privilege men)

Such biases, reflected not only in gender relations but also in market relations and labour market segmentation, compound each of the other types of biases. Accordingly, female workers should be consulted and, better still, invited to join/participate in trade union organizing, collective bargaining, negotiations relating to local labour legislation, and the formulation of international standards, including ILO Conventions and codes of conduct, to ensure that their needs are reflected and addressed.

Many women's organizations, some of them set up by women coming out of the formal trade union movement, have been founded with a focus on the promotion and defense of female workers. Many of these are membership-based organizations of female workers, and many seek to reflect women's gender-specific interests or concerns in the formulation of national labour legislation and international or national labour standards. For example, SEWA was represented on the recent National Commission on Labour that India set up to draft umbrella legislation for the informal or unorganized workforce. Similarly, the Movimiento de Mujeres Trabajadoras y Desempleadas María Elena Cuadra (MEC), a national autonomous women's organization in Nicaragua, drafted a national Ethical Code that was endorsed by a decree of the Ministry of Labour and subsequently signed by employers in the Free Trade Zone in Managua (Prieto, Hadjipateras and Turner, 2002). MEC has also been active in the Central American Network of Women in Solidarity with Maquila Workers, which seeks to ensure that female workers are not marginalized in the formulation of – and debates about – codes of conduct (ibid.).

More voice for low-income workers

The second broad area of reform is the *reform of institutions that coordinate or govern market transactions and global integration by increasing the voice of low-income workers and producers* in these institutions. This applies not only to the market institutions, both formal and informal, that govern and regulate global value chains, EPZs and domestic economic sub-sectors, but also to the inter-governmental institutions that design international labour standards and trade policies (primarily the ILO and WTO). Other relevant institutions would also include those – companies, business associations and multi-stakeholder alliances – that develop voluntary codes of conduct. With a few notable exceptions as cited above, the so-called "interests" of informal workers have so far been "represented" in these institutions by governments, formal trade unions, or non-governmental organizations, not by the representatives of membership-based organizations of informal workers and producers. Within the debate on codes of conduct, for instance, there is growing recognition that the perspective of workers from the global South, especially that of female workers, has not been widely reflected in the formulation, implementation, monitoring or verification of the codes (Jenkins, Pearson and Seyfang, 2002).

Finally, the accountability of the mainstream institutions responsible for making policies and regulations depends on the *promotion and strengthening of membership-based organizations of informal workers and producers*. Unless informal workers and producers are effectively organized and gain representation and voice in mainstream institutions, they will continue to be excluded by global economic integration and/or included on unfavourable terms.

It has been assumed, until recently, that workers in the informal economy were, by definition, unorganized. Yet, recent evidence suggests that the informal workforce has been and is being organized not only by formal trade unions but also by alternative trade unions and pro-labour NGOs. However, few genuine membership-based organizations of informal workers have so far been recognized as such by national trade union centres or the international trade union movement. This point is well illustrated by the experience of SEWA, in India. The Association was founded by a trade union lawyer and organizer in 1972, as a trade union of female workers in the informal economy. But it took SEWA over two years to get registered as a trade union, over ten years to be recognized by some of the international trade secretariats, over 20 years to be invited to join the National Labour Congress of India, and 30 years to be invited to be an official member of India's worker delegation to the International Labour Conference. While trying to gain official recognition within the international labour movement, SEWA has served as an inspiration for three other international movements: the women's movement, the micro-finance movement, and a growing movement of informal workers and producers.

Since the early 1990s, the international alliance called HomeNet – through its regional and national branches which comprise both membership-based organizations and labour-related and/or women's NGOs – has been working to strengthen membership-based organizations of industrial homeworkers and other home-based workers and to promote their "visibility and voice". In the mid-1990s, HomeNet and its member organizations played a major role in the campaign that led to the adoption of the ILO's Home Work Convention, 1996 (No. 177). More recently, HomeNet has been working with the Ethical

Trade Initiative in the United Kingdom and the Clean Clothes Campaign to see whether (and how) the scope and content of codes of conduct, especially in the garment sector, can be expanded to cover and protect industrial homeworkers and other home-based workers (Brill, 2002). Similarly, the recently-established international alliance of street vendors called StreetNet – which includes membership-based organizations of street vendors as well as national associations of street vendor organizations – seeks to strengthen membership-based organizations of street vendors and to help them negotiate with the institutions that regulate street vending (e.g. the police, municipal governments and market associations) and to increase their "voice" or representation in relevant policy-making institutions.

Concluding remarks

In sum, there is no single "magic bullet" – or even a short list of "magic bullets" – that might adequately address the complex mix of factors of exclusion from the work/employment opportunities generated by global integration or inclusion on less than favourable terms. For the self-employed, a variety of *promotional measures* are needed to increase their competitiveness in the global economy, ranging from trade policies to business development services. For paid workers, a mix of *protective measures* is needed to decrease their disadvantages and vulnerabilities in the global labour market, including labour standards, labour legislation, collective agreements and workforce development. In addition to these specific measures, *two broad areas of reform* are necessary: policy and regulatory reforms to correct systemic biases against labour in general, and against informal labour and female workers in particular; and institutional reforms to strengthen organizations of informal workers/producers and to promote their representation in relevant policy-formulation and rule-setting institutions. There is a clear role here for international organizations, and global governance more broadly, in creating the global norms and frameworks that are needed to ensure these measures and reforms are implemented at the national and local levels. Most critically, international organizations and global networks or alliances must take the lead in promoting global economic democracy by promoting the representation of membership-based organizations of informal workers, especially women, in their deliberations.

Social exclusion and poverty

The perspective taken in this article shows social exclusion and inclusion to be analytical concepts relating to *causal* mechanisms or processes, not to outputs or conditions. In other words, unfavourable patterns of social exclusion/inclusion are a *cause* of low income and other manifestations of poverty, not a parallel measure or characterization of deprivation or disadvantage. Indeed, it is our premise that exclusion from – and, more so, unfavourable terms of inclusion in – various aspects of work and employment are important drivers of poverty and inequality. At the same time, we recognize that there are feedback loops such that resulting patterns of poverty/inequality can reinforce the processes of exclusion/inclusion. It is hoped that the examples and the analysis that we have provided here might stimulate and inform future research on the links between globalization, poverty, social exclusion, and work.

References

African Centre for Gender and Development/WIEGO. 2002. *Report of the Africa Regional Workshop on Food Processing and Minor Forest Product Global Value Chains*. Kampala. Dec.

Bajaj, Manjul. 2001. *Invisible workers, visible contributions: A study of home-based women workers in five sectors across South Asia*. Background Paper prepared for the Regional Policy Seminar on "Women Workers in the Informal Sector in South Asia: Creating an Enabling Environment" organized by UNIFEM and the Government of Nepal in conjunction with IDRC and WIEGO, Kathmandu, 18-20 Oct.

Barndt, Deborah. 1999. *Women working in the NAFTA food chain: Women, food and globalization.* Toronto, Second Story Press.

Barrientos, Stephanie; Bie, Anna; Matear, Ann; Vogel, Isabel; Kay, Cristobal. 1999. *Women in agribusiness: Working miracles in the Chilean fruit export sector.* London, Macmillan Press.

Beneria, Lourdes; Lind, Amy. 1995. "Engendering international trade: Concepts, policy and action", in Noeleen Heyzer (ed.): *A commitment to the world's women: Perspectives on development for Beijing and beyond*. New York, UNIFEM.

Brill, Lucy. 2002. "Can codes of conduct help home-based workers?", in Rhys Jenkins, Ruth Pearson and Gill Seyfang (eds.): *Corporate responsibility and labour rights: Codes of conduct in the global economy*. London, Earthscan.

Budlender, Debbie. 2000. *Budgets and the informal economy: Study 4.* Research Report for the Technical Task Team for the Informal Economy. Durban, Durban North and South Central Local Councils.

Cardero, Marie Elena; Barron, Antonieta; Gomez Luna, Maria Eugenia. 2000. *NAFTA's impact on the female work force in Mexico.* Mexico City, UNIFEM.

Carr, Marilyn; Chen, Martha Alter. 2002. *Globalization and the informal economy and how trade and investment impact on the working poor*. ILO Employment Sector Working Paper on the Informal Economy, No. 1, Geneva, ILO.

—. 1998. *Gender implications of globalization with special reference to the Asian financial crisis.* Paper presented to a roundtable sponsored by the Women in Development and Gender Equity Division, Policy Branch, Canadian International Development Agency, Ottawa, Mar.

Chen, Martha Alter; Jhabvala, Renana; Lund, Frances. 2002. *Supporting workers in the informal economy: A policy framework*. ILO Employment Sector Working Paper on the Informal Economy, No. 2, Geneva, ILO.

Chen, Martha Alter; Snodgrass, Donald. 2001. *Managing resources, activities, and risk in urban India: The impact of SEWA Bank.* Washington, DC, USAID (AIMS Project).

Commonwealth Secretariat. 2002. *Commonwealth businesswomen: Trade matters, best practices and success stories.* London.

Division for the Advancement of Women. 1999. *Survey on the role of women in development: Globalization, gender and work*. New York, NY, United Nations.

Dolan, Catherine; Tewari, Menu. 2001. "From what we wear to what we eat: Upgrading in global value chains", in *IDS Bulletin* (Brighton), Vol. 32, No. 3 (July), pp. 94-104.

Forstater, Maya; MacDonald, Jacqui; Raynard, Peter. 2002. *Business and poverty: Bridging the gap*. London, Resource Centre for the Social Dimensions of Business Practice.

Gereffi, Gary. 1999. "International trade and industrial upgrading in the apparel commodity chain", in *Journal of International Economics* (Amsterdam), Vol. 48, No. 1 (June), pp. 37-70.

Ghiara, Ranjeeta. 1999. "Impact of trade liberalization on female Wages in Mexico: An econometric analysis", in *Development Policy Review* (Oxford), Vol. 17, No. 2, pp. 171-190.

Ghosh, Jayati. 1995. *Trends in female employment in developing countries: Emerging issue*. Background paper prepared for the *Human Development Report 1995*. New York, NY, UNDP.

ILO. 2002a. *Decent work and the informal economy*. Report VI, International Labour Conference, 90th Session, Geneva.

—. 2002b. *Women and men in the informal economy: A statistical picture*. Geneva.

—. 1998. *Labour and social issues relating to export processing zones*. Geneva.

Jansen, Erik G.; Abila, Richard O.; Owin, John P. 1999. *Constraints and opportunities for "community participation" in the management of the Lake Victoria fisheries*. IUCN Eastern Africa Programme, Report No. 6. Gland, IUCN.

Jenkins, Rhys; Pearson, Ruth; Seyfang, Gill. 2002. "Introduction", in Rhys Jenkins, Ruth Pearson and Gill Seyfang (eds.): *Corporate responsibility and labour rights: Codes of conduct in the global economy*. London, Earthscan.

Jhabvala, Renana; Kanbur, Ravi. 2002. *Globalization and economic reform as seen from the ground: SEWA's experiences in India*. Cambridge, MA, MIT Press.

Joekes, Susan. 1999. "A gender-analytical perspective on trade and sustainable development", in UNCTAD (ed.): *Trade, sustainable development and gender*. Geneva, United Nations.

Kabeer, Naila. 2000. *The power to choose: Bangladeshi women and labour market decisions in London and Dhaka*. London, Verso.

Lund, Frances; Nicholson, Jillian (eds.). 2004. *Chains of production, ladders of protection: Social protection for workers in the informal economy*. Geneva, ILO/World Bank.

Madeley, John. 2000. *Trade and hunger: An overview of case studies on the impact of trade liberalization on food security*. Report of the Church of Sweden Aid, Forum Syd, the Swedish Society for Nature Conservation and the Programme of Global Studies. Stockholm, Forum Syd.

Mitter, Swasti. 2003. *Globalization and ICT: Employment opportunities for women*. Paper prepared for Gender Advisory Board, UNCSTD.

National Labour Commission. 2001. *Report of the Group on Women and Child Labour*. New Delhi.

Prieto, Marina; Hadjipateras, Angela; Turner, Jane. 2002. "The potential for codes as part of women's organizations' strategies for promoting the rights of women workers: A central America perspective", in Rhys Jenkins, Ruth Pearson and Gill Seyfang (eds.): *Corporate responsibility and labour rights: Codes of conduct in the global economy*. London, Earthscan.

Rodgers, Gerry; Gore, Charles; Figueiredo, Jose (eds.). 1995. *Social exclusion: Rhetoric, reality, responses*. Geneva, ILO International Institute for Labour Studies.

Shiva, Vandana. 2000. *Stolen harvest: The hijacking of the global food supply*. London, ZED Books.

Thai Development Newsletter (Bangkok). 1998. "Impacts of economic meltdown in the villages" in No. 34 (Jan.-June).

Unni, Jeemol. 2002. *Globalization and securing worker rights for women in developing countries.* Gujurat Institute for Development Research, Working Paper No. 132. Aug.

Weatherspoon, Dave; Reardon, Thomas. 2003. "The rise of supermarkets in Africa: Implications for agrifood systems and the rural poor", in *Development Policy Review* (Oxford), Vol. 21, No. 3 (May).

Wilshaw, Rachel. 2002 "Code monitoring in the informal fair trade sector: The experience of Oxfam GB", in Rhys Jenkins, Ruth Pearson and Gill Seyfang (eds.): *Corporate responsibility and labour rights: Codes of conduct in the global economy*. London, Earthscan.