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### Women and the Informal Economy

*Cultural Boundaries and Resources in Lima*

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Arij Ouweneel (Ed.)

C U A D E R N O S D E L C E D L A

# **Andeans and Their Use of Cultural Resources**

*Space, Gender, Rights & Identity*

25





## ANDEANS AND THEIR USE OF CULTURAL RESOURCES

CUADERNOS DEL CEDLA Editorial Board

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ANDEANS AND THEIR USE  
OF CULTURAL RESOURCES  
SPACE, GENDER, RIGHTS & IDENTITY

ARIJ OUWENEEL (ED.)

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## WOMEN AND THE INFORMAL ECONOMY

### CULTURAL BOUNDARIES AND RESOURCES IN LIMA, PERU<sup>1</sup>

ANNELOU YPEIJ

In the public areas of Lima, a crowd of people is at work. In the daily search for an income, many inhabitants from the poor neighborhoods of the Peruvian capital go out and seek customers. They sell a wide range of products at the bus stops and in the streets, *plazas*, and other public spaces. Some are producers selling their end products; others limit their activities to street vending and buy their merchandise from wholesalers and producers. Clothes, furniture, soft drinks, toilet paper, and all kinds of foods are just some of the products for sale. In the early 1990s the ample presence of the small-scale economy impressed many visitors to the capital and was confirmed by statistics. In 1993, more than half of the economically active population worked in the so-called informal sector of the economy. In 2001 this share increased to almost 60 percent, after which it decreased and stabilized at around 55 percent during the 2010s. Nowadays the sec-

<sup>1</sup> In 2002, a former version of this article was published as: "Earning More or Less: Income, Micro-production and Women's Status in Lima's Poor Neighborhoods," in: I.S.A. Baud and J. Post (eds.), *Realigning Actors in an Urbanizing World. Governance and Institutions from a Development Perspective*, Ashgate: Aldershot, pp. 101-118. The study was subsidized by WOTRO Science for Global Development, The Hague.



tor is less visible in the streets of Lima's center, as ambulant vending is no longer allowed there.<sup>2</sup>

Examining the gender distribution of the economically active population reveals that more women than men are involved in small-scale and micro-economic activities, while men more commonly perform larger scale activities.<sup>3</sup> The explanation for the greater presence of women in the small-scale economy is highly complex. Compared to men, women from poor neighborhoods have limited employment opportunities and are less educated. In addition, they have difficulties arranging childcare. Responsible for purchasing food for their families, they become keenly aware that the wages of their husbands are often inadequate, and their domestic and care tasks are very time-consuming and demanding. Understanding women's work in the small-scale economy also requires understanding gender inequalities, cultural resources, and divisions such as that of household chores between men and women.

Although they work in *larger* numbers than men in the small-scale sector, very few women may be defined as micro-entrepreneurs offering work to laborers. Statistics show that men own the overwhelming majority of small-scale and micro-enterprises. In 1991, of the total number of employers (owners of an enterprise with hired laborers) in the informal sector, 84 percent were men and only 16 percent women.<sup>4</sup> In 2009, this imbalance was somewhat less: 64 percent were men and 36 percent women,<sup>5</sup> but these numbers still indicate that far fewer women than men own a micro-enterprise and are unable to accumulate sufficient capital to hire laborers; instead, they work as hired laborers, domestic help, or casual laborers.<sup>6</sup> Women in Lima are no exception in this respect. Generally, women all over the world are far more heavily concentrated in lower quality, irregular, and informal employment than men.<sup>7</sup>

In this chapter I aim to examine why relatively few women own a business. Why do women, compared to men, accumulate less capital and, as a consequence, earn less? I focus on micro-production activi-

<sup>2</sup> Gárate and Ferrer, *En qué* (1994), Table III.2a.; Zuin, *Business* (2004), pp. 1; Linares, *Informal* (2010), p. 6.

<sup>3</sup> In 1991, 50 percent of all economically active women worked in the informal sector of the economy, 39 percent in the "formal" sector, and 11 percent in domestic service. The corresponding rates for men were 44 percent, 55 percent, and less than 1 percent; based on Gárate and Ferrer, *En qué* (1994), Table III.2a. In 2008, more than sixty percent of the economically active women worked in the informal sector, compared with more than fifty percent of men; see Aliaga Linares, *Informal* (2010), p. 6.

<sup>4</sup> Based on Gárate and Ferrer, *En Qué* (1994), Tables III.5.b and III.6.

<sup>5</sup> Based on Webb and Fernández Baca, *Perú* (2010), Table 28.1.

<sup>6</sup> Other studies on Latin America and the Caribbean show that Peruvian women are no exception; Menjivar and Pérez Sainz (eds.), *Ni Héroe*s (1993), pp. 79 and 84; Espinal and Grasmuck, "Gender" (1994), p. 7.

<sup>7</sup> Chant and Pedwell, *Informal* (2008), p. 1; see also Chen "Informal" (2010).

ties and compare male and female micro-producers. The analysis is based on anthropological fieldwork, carried out in the early 1990s and more recently in 2011 and 2012.<sup>8</sup> I will argue that because of the manifestation of gender hierarchies, for example within the household, women as entrepreneurs encounter more obstacles than men in their efforts to accumulate capital. Many economic activities performed by women therefore never expand beyond those of an individual producer. In the following sections, I comment on the gender hierarchy within poor households in Lima and then explore discrepancies between the access of female and male micro-producers to production means, capital, family labor, markets, and credit. In subsequent sections, I discuss the differences in capital accumulation between male and female micro-producers and then assess the alternatives for female micro-producers. The analysis shows that because of the intertwinement of social relations of production with gender inequalities women's status as producers is related to their subordinate status within the household. Women's activities as producers even seem to replicate gender inequalities at the household level. If this is the case, does the income they generate through their production activities impact their status within the household?<sup>9</sup>

To place the analysis in a broader theoretical framework, in the last section of this chapter I review the long-standing debate on women's economic dependence versus independence and power inequalities between women and men at the household level. This study of micro-production in Lima is set within the context of the Peruvian economy, which experienced a prolonged recession and growing poverty in the 1980s and 90s. In the 1980-1993 period, urban minimum wages decreased by almost 90 percent in real terms.<sup>10</sup> During my fieldwork in 1991, 44 percent of Lima's inhabitants qualified as poor.<sup>11</sup> In recent years, the Peruvian economy has been recovering, and sections of the poor have benefited from this. Nevertheless, in the *pueblos jóvenes* (neighborhoods originating from lands occupied at the outskirts of the city), daily life remains a struggle for survival, especially in case the *pueblo joven* is recent.<sup>12</sup>

### Gender Hierarchies within Poor Households

Households in poor neighborhoods in Lima have an obvious internal hierarchy, with men in the position of authority. This hierarchy is manifested in both the sexual division of labor between men and

<sup>8</sup> Ypeij, *Producing* (2000), or, *Produciendo* (2006).

<sup>9</sup> Kabeer, "Women" (1997).

<sup>10</sup> Webb and Fernandez, *Perú* (1994), Tables 15.3.

<sup>11</sup> Cuánto, *Perú* (1991), p. 65.

<sup>12</sup> Hordijk, *Of Dreams* (2000), p. 102.

women and the control of intra-household cash flow. Providing sufficient income is considered the primary responsibility of the man, and he is given complete freedom of movement in this pursuit. Childcare and household chores are considered to be the primary responsibility of the woman. Her possible income-generating activities are regarded as secondary to her domestic duties, thereby considerably limiting her freedom of movement and the time she has available for this activity. The poverty of most households in poor neighborhoods aggravates domestic work substantially, because it affects the material conditions in which this work is performed.<sup>13</sup>

Especially in the newly established *pueblos jóvenes*, daily life can be difficult, as was very clear in the neighborhood Año Nuevo (Comas, Cono Norte), where I conducted my recent research. The lower parts of the neighborhood have existed for over forty years. The houses there are built of bricks and concrete. Most streets are paved. Running water, electricity, and a sewage system are widely available. A functional market, many shops and services, and public transport are all within walking distance. The far more recent neighborhoods, which have been on the hillside and over the hill, consist mainly of newlyweds and couples with young children. The fact that these are newly formed families living on recently invaded plots of lands exacerbates their poverty. Many houses are temporary structures and lack running water and/or a sewage connection. The streets are unpaved and have dust blowing everywhere. Cleaning the house, doing the laundry, cooking meals, and taking care of the children are time-consuming tasks. Many cannot afford to buy appliances to facilitate household chores. Women keep livestock (e.g., chickens) and shop around for the lowest food prices to save money. Malnutrition and unsanitary conditions affect children's health. At the same time, poverty forces many women to generate an income in one way or another. As the study of the poor neighborhood El Agustino by Grandón makes clear,<sup>14</sup> the need to earn money does not release women from their responsibility for household chores. Seventy percent of women who generate an income perform more than 50 percent of household chores, and 30 percent carry out these chores completely on their own.

The second manifestation of male dominance in the household is the husband's control over the intra-household cash flow. Based on Benería and Roldán,<sup>15</sup> a husband may exercise this control as follows. He may withhold or share information on the actual amount of his earnings or decide what portion of his earnings he will retain for personal expenses or pocket money. He may choose how his wife re-

<sup>13</sup> Grandón, *Discriminación* (1990), pp. 53-54.

<sup>14</sup> Grandón, *Discriminación* (1990), Table 12.

<sup>15</sup> Benería and Roldán, *Crossroads* (1987), pp. 113-123.

ceives the household allowance or contribution: as a lump sum or in installments. The husband may continue to exercise control after delivering his share to his wife. He may “borrow” from money meant for household expenses for his personal use.<sup>16</sup>

### Different Points of Departure

Many inhabitants of Lima generate work for themselves by setting up production activities. However, men launch their production activities along a different work trajectory than women do.<sup>17</sup> Labor histories of many male producers show that before they decided to produce independently, they worked as traders or laborers in the larger-scale or small-scale industry, often in the same line of business in which they subsequently launched their own production activities.<sup>18</sup> The experience, knowledge, and contacts they have acquired in the process help them in their quest for more profitable purchasing and sales markets. My interviews show that male producers consider production on their own account and possibly running an enterprise as improvements in their social status. They value the freedom of being self-employed, despite all the sacrifices and hard work involved.

Women initiate production activities as well. Compared with male producers, however, they often start with various disadvantages. Many married women are motivated not by a desire to improve their social status but by the failure of their husband’s contribution to the household to meet daily needs. Their primary motive is therefore to generate additional income. Many women start to produce garments, because they learned how to sew while preparing for and in the process of their household duties. In addition, many women already have a sewing machine for domestic use. Their sole experience is often operating such a simple machine. Precisely because they start producing out of economic necessity, they have very little production capital or none at all. They may obtain such capital with great difficulty by reducing household spending.

Many starting female and male producers integrate the organization of production activities in the organization of the household.<sup>19</sup> Production is located in the home. Unpaid family labor is used, and the cash flow of the production activities is not separated from household spending. The owners of the production means are also the producers. The production rhythm is in many cases continuously interrupted by the commercialization of products and an irregular

<sup>16</sup> Kabeer, “Women” (1997); Roldán, “Renegotiating” (1988).

<sup>17</sup> Menjívar and Pérez Sáinz, *Ni Héroe*s (1993), p. 79.

<sup>18</sup> Grompone, *Talleristas* (1986), pp. 112-113.

<sup>19</sup> Wilson, *Casa* (1990).

income. Multi-income strategies, including the production activities, are commonplace. Other characteristics of household-based production organization are simple technology, inferior quality, and little product variety.

### Differential Access to Capital

As argued above, male producers tend to start their production activities with more capital than female producers do. The discrepancies in access to capital on the part of female and male producers become even clearer from considering control of intra-household cash flow. Even though many male producers I interviewed were willing and able to mention how much working capital they had, and how high their profits were, withholding this information from their wives is an accepted practice. These producers generally provide their wives with daily small amounts of money (known as a housekeeping allowance or *diario*) toward purchasing food and possibly clothes. The men determine the amount of the *diario* and usually pay utilities such as water and electricity directly. Male control of the cash flow can be an advantage in their production activities. The following case exemplifies a household with a multi-income strategy. Eliana is married to Manuel,<sup>20</sup> who produces wooden furniture in their home. Every day, Manuel used to provide Eliana with money for the household, but according to her it was never enough. When she asked for more, he always told her that he could not give her more. With support from Manuel, Eliana decided to open a shop in their home selling soft drinks and beer. Manuel used his working capital to buy Eliana a few crates of beverages. By maintaining longer opening hours than most of the competition, this small business is reasonably successful. Eliana's income from the store is used toward the household expenses, of which 40 percent is covered by her work. For Manuel, who does not discuss the financial aspects of his production activities with Eliana, her contribution to household necessities enables him to spend less on them and to reinvest more in his production.

Because they control the intra-household cash flow, the financial margins of male producers are flexible. They use money intended for household expenses, as well as income from other members of the household, for production purposes. At times they value their production activities over household maintenance, reducing or even completely withdrawing their contribution to the household economy.<sup>21</sup> Their financial flexibility and leverage are expressed in the continuous transfer of working capital and capital meant for household

<sup>20</sup> For reasons of privacy, I have changed the names of individuals.

<sup>21</sup> See: Nelson, "How" (1979), pp. 297-298.

maintenance and their appropriation of income generated by other members of the household. Unlike men, many female producers are not in a position to benefit from the intra-household cash flow. Their financial margins are limited to the housekeeping money and their working capital and transfers from one to the other. In addition, as the study of Espinal and Grasmuck concerning the Dominican Republic shows,<sup>22</sup> female micro-entrepreneurs tend to contribute a larger share of their income to the household than men. These scholars state that this pattern may explain in part why women's firms accumulate lower levels of capital investment.<sup>23</sup>

### **Differential Access to Unpaid Family Labor**

Locating production in the home makes it easier for male producers to claim their wife's labor. Women helping their husbands with their production activities is considered completely normal and is even condoned. In doing so, they fulfill the image of the perfect wife. Wives perform many different production tasks, but ordinarily they do those feasible within the household production site. Although some wives with adolescent children leave the house to purchase materials and sell products, this is less common. Access to unpaid family labor offers male producers two advantages: they are able to reduce their production costs by cutting labor costs, and the production rhythm is experienced fewer interruptions, and the income is more regular. By claiming the labor of their wives and controlling the intra-household cash flow, male producers prevent their wives from assuming more responsibility for production activities.

Even though, in legal terms, many production activities initially belong to both wife and husband, many husbands interviewed were inclined to belittle the labor input from their wives, qualifying it as family labor and denying them equal participation in responsibilities, despite their hard work.<sup>24</sup> The married couple Carmen and Luís produces and sells wooden chairs and tables. Luís, together with their adolescent sons, makes the furniture; Carmen purchases the wood and looks for clients. By performing this task, she assumes what is considered a very unusual role. Women simply do not purchase wood, and at times her neighbors call her "husband," expressing the idea that Carmen must have a lot of control, more than is considered normal or even appropriate for a wife. Although her participation in the production is crucial and the working capital constantly passing

<sup>22</sup> Espinal and Grasmuck, "Gender" (1994), p. 8.

<sup>23</sup> See D'Amico, "Way Out" (1993), p. 80.

<sup>24</sup> Many production activities are not registered, and most marriages are contracted in community of property.

through her hands, however, Carmen has little control over production. She does not accept an order without consulting Luís, and every time they need wood, Luís gives her the exact amount of money required. Money from a sale she hands over completely to Luís. In turn, he gives her the *diario*.

Compared to male producers, female producers have far more limited access to unpaid family labor. Married female producers are unlikely to have a husband willing to do free work for them. Froehle in her study on Venezuela states that 90 percent of the wives who work in their husband's business are unpaid.<sup>25</sup> However, all husbands who work in their wife's business *are* paid, and almost 90 percent co-own the business. At best, female producers have access to the unpaid labor of their adolescent children. Lacking family members to work for them, many female producers find that commercialization of products interrupts the production rhythm. For this reason, their income is irregular.

### Differential Access to Markets

Every producer has to purchase materials and sell a product. Many women find that their mobility and available time are restricted because of their domestic duties, and female producers are no exception.<sup>26</sup> Female producers are therefore limited in their quest for purchasing and sales markets. Male producers, on the other hand, have more opportunities to reach more favorable markets located further away from the poor neighborhoods. Because purchasing close to the production area is often impossible, female producers are obliged to spend a considerable amount of time buying materials. They compensate by seeking nearby sales markets, mostly in their own neighborhoods.

Comparing two producers—Manuel and Cecilia—both of whom produce wooden furniture and have more or less the same amount of capital at their disposal, reveals that Manuel leaves this neighborhood several times a week to go to the center of Lima to visit shops that place orders with him. By contrast, Cecilia—a single mother with three children under ten, who obtained her machinery after receiving a gift—has difficulty leaving her neighborhood, because she combines her production activities with childcare. She sells her furniture by having it in stock and exhibiting it for sale outside her workshop. Her clientele consists mainly of the residents of Pamplona Alta, the poor neighborhood where her workshop is located.

<sup>25</sup> Froehle, *Women* (1994), p. 25.

<sup>26</sup> See also Alter Chen, "Women" (2001).

For the female producer, selling in her own neighborhood has two consequences. First, her profit margins are lower, because the potential clientele has very little purchasing power. To sell her products, she must price them according to the income levels of the neighborhood. She is often forced to lower her prices, because her relationship with her potential customer is not completely market-oriented. Her customers are also her friends, family members, or neighbors. The second consequence is therefore that selling in the neighborhood means selling via social networks. Many authors have noted the importance of the relationships women and men maintain at neighborhood level.<sup>27</sup> These networks form the basis of emotional and material support, and in the context of Lima, with its severe poverty, maintaining these networks may be characterized as a survival strategy.

The social networks of women consist mainly of other women, and because of the importance of networks for daily survival, support is exchanged only in the context of longstanding relationships and deep mutual confidence. The giving party has to be sure that a future request on her part will be honored. Women will confide in each other only if they view each other as good friends or neighbors. The latter depends on behavior. Bohman writes:

Women who are not deemed to behave in a decent way may not be accepted into any group of intensive interaction in the neighborhood. The female group keeps a close watch over the behavior of its respective members, judging each woman's way of coping with problems, especially those related to notions of decency, and exerts pressure towards conformity with the values and norms upheld in the group [...].<sup>28</sup>

My case material confirms Bohman's point of view. Female producers who depend on neighborhood networks for their sales markets make great efforts to behave as "good" women. For them, their reputation as a "good" mother and wife is an essential part of customer relations.

To return to the case of Cecilia, as a single mother producing furniture, her situation is exceptional. In the past, her neighbors derided her, doubted the quality of her products, and were highly distrustful of her. Gradually, their distrust made way for confidence, and nowadays the neighbors refer to her as *la señora carpintera* (madam carpenter). Cecilia confirms that in addition to her high-quality products, her reputation as a "good" woman has contributed. "They wondered 'what kind of a woman is she, if her husband left her?' But now they respect me, because I did not remarry."<sup>29</sup> I have to dress

<sup>27</sup> See Lomnitz, *Cómo* (1991[1975]); Bohman, *Women* (1984), among others.

<sup>28</sup> Bohman, *Women* (1984), pp. 286-287.

<sup>29</sup> Single mothers who establish a new relationship with a man meet with disapproval, because of the danger that the stepfather might abuse the children.



more discreetly. I have to command respect.” Several times she emphasized that she is always in the company of her children, and how much effort it takes to combine the washing and mending of their clothes with production (“so they’ll look neat”). In fact, Cecilia is constantly obliged to prove to her potential customers that despite her “deviant activities,” she is a “good” mother and a decent woman.

Male producers are subject to behavioral codes as well. For example, the noise of a carpenter’s machinery may seriously annoy his neighbors. Because most production activities are performed without official authorization, there is always the danger that a neighbor will inform the authorities. Like female producers, males have to compensate for any nuisance by ensuring that their behavior is “good.” The behavior margins within which male producers operate are less narrow than the ones for women, however, because of so-called *machismo*. Adultery by a man, for example, may elicit with disapproval but will never instigate doubts about his masculinity or his qualities as a producer. On the contrary, he proves toward the male community that he is a “real” man. In addition, male producers are away more often and therefore less subject to neighborhood scrutiny.

### Differential Access to Credit

Because most micro and small-scale production activities are judged to be of insufficient solvency and profitability for banks, micro-producers of both sexes have problems obtaining formal credit.<sup>30</sup> However, women approaching a bank encounter even greater obstacles than men, such as their lack of knowledge of how such banks function, the higher illiteracy rate among women, and time-consuming banking procedures.<sup>31</sup> Both male and female producers interviewed in Lima tended to approach informal credit/savings systems based on the neighborhood networks, as exemplified by the so-called *junta*. Several participants periodically deposit a fixed sum there. For a certain period, one of the participants receives the total amount of money as a loan and pays interest to the others. Both women and men participate in these *juntas*. Because no formal sanctions for defaulting on payments exist, the *juntas* are based on high levels of mutual confidence. Segregation by gender is an important feature: Most *juntas* are composed exclusively of women or of men. This segregation is attributable to the relative distrust between women and men. Women, for example, do not want male participants because they fear that men will dominate the organization. Mixed *jun-*

<sup>30</sup> Meanwhile, Peru has several programs aimed at lending small amounts to micro-entrepreneurs.

<sup>31</sup> Lynn Reichmann, “Dos” (1988), p. 192.

*tas* are moreover difficult to form, because men and women have different goals, and women generally have less disposable income than men. Many women organize *juntas* on behalf of the household as a supplement to the housekeeping money. Men tend to organize *juntas* on behalf of their income-generating activities.

Miriam and Hernán, a married couple engaged in shoe production, provide a good example of women's participation in *juntas* with a lower capital potential. Both Miriam and Hernán regularly participate in *juntas*. Miriam's contributions total US\$ 125 over ten weeks. The participants are women who have only their housekeeping money or limited profits from a small trading venture at their disposal. Hernán's contributions to his *junta*, however, total US\$ 500 over twenty weeks. The participants are men who have their own enterprises and use the money as working capital.

### **Capital Accumulation by Female and Male Producers**

The preceding remarks should not be taken as generalizations about female producers. Depending on the stage in the lifecycle of the household and its composition, the potential of female producers to accumulate capital varies considerably. Those with older children have more freedom of movement and can deploy their children as unpaid family laborers or assign some domestic duties to them. Married women usually receive a daily allowance from their husband. The financial margins within which they operate are therefore usually somewhat broader than those of unmarried mothers with young children.

My research shows, however, that compared with male producers, female producers are at a competitive disadvantage from the outset and have greater difficulty accumulating capital. More often than in the case of male producers, the activities of female producers do not evolve beyond those of an individual producer. Because their working capital is limited or non-existent, many women are obliged to seek orders from micro-scale or larger-scale producers and thus become outworkers. Male producers have better access to working capital and markets. Their knowledge and contacts are more extensive. Their dominant position in the household allows them to control the intra-household cash flow, claim the unpaid labor of their wife, and avoid childcare and household tasks. All of these may be perceived as cultural resources that enable men to produce on a larger scale from the very beginning, and, as a consequence, they are more inclined to hire laborers. The activities of male producers therefore more often reflect the characteristics of a micro-enterprise than those of female producers. The same conditions that give male producers a better starting position help them continue the process of capital accumulation. Of

course, during the economic recession of the 1990s, men encountered difficulties in trying to accumulate capital as well. However, female producers experience far greater difficulty participating in this process because of their limited time and mobility, which are the main cultural boundaries that women face.

### Alternatives for Female Producers

Although female producers have fewer opportunities to accumulate capital, and married women have difficulty participating as equals in the production activities of their husband, they do not take that situation for granted. They are very active in seeking solutions to the limitations and boundaries they encounter. Some wives start independent production activities. In the following example, a wife gains control over her own working capital. Hernán has been producing shoes for over twenty years. From the beginning, his wife Miriam has also been producing shoes and now has the knack of it. Nevertheless, Hernán impeded her efforts to share equally in responsibilities. He thought of himself as the leader and defined her as a family worker. One day, Miriam came home with some single orders, but Hernán refused to fill them, because he preferred to produce in quantity. After this had happened a few times, Miriam decided to fill her orders independently. She asked her clients to provide her with an advance to purchase materials, and she subcontracted the assembly of the shoes to a micro-producer she had befriended. Now, both members of the couple produce separately, and each controls their respective working capital. Another solution used by female producers involves mobilizing their neighborhood networks and organizing independent production activities. Since the 1970s, Lima (and the surrounding rural areas) has had a strong tradition of grassroots organizations engaging in communal cooking to reduce the cost of living.<sup>32</sup> Often, women involved in these organizations try to start income-generating activities.

One such case is “The Holy Wood” communal kitchen, which is located in Independencia, a poor neighborhood. Sixteen women from this organization obtained a loan, bought treadle sewing machines and set up a garment workshop. Their commissions, thanks to help from a female intermediary, include several orders for a hospital. Although the women who participate in the workshop are obliged to work for the communal kitchen, they are flexible about this. Sometimes a producer pays another member of the kitchen to take her turn to cook; sometimes, cooking turns are exchanged. Female producers obviously benefit from this type of production organization.

<sup>32</sup> See: Hordijk, *Of Dreams* (2000).

The women train each other in the required skills. Cash flow from production is completely separated from the various households and therefore outside the control of the husbands. The women take turns purchasing materials and seeking sales markets. This makes for more efficient use of their scarce time and partly solves the problem of their limited mobility. They are able to organize production more flexibly than they would by producing individually, because the organization provides easy access to a large quantity of potential seamstresses.

However positive this alternative form of production organization may appear, it also has drawbacks for the micro-producers. Many communal workshops lack the contacts to sell in favorable markets and accept assignments from large industries. Some export companies specialize in production of mechanically and hand-knitted garments made of the internationally appreciated alpaca wool. These companies export jumpers, skirts, scarves, and caps to Europe, Japan, the United States, and other markets. A crucial element in the production organization of such companies is subcontracting the hand-knitting to the communal workshops located in the poor neighborhoods. Such subcontracting offers the company many advantages. Investments in production remain limited, and few permanent laborers are required. Managers save time and avoid problems by maintaining contacts only with the women in charge of the workshops. Training costs are reduced, because only the leaders are trained, and these leaders pass their knowledge on to the other members of the workshop. Subcontracting increases the flexibility of production, because fluctuations in demand directly impact the number and size of the assignments given to the women. The production rhythm of the workshop is subsequently dictated by the export company. In 1991, the average payment to the women for a sweater that took roughly forty hours to knit was US\$ 15; in other words, they made only US\$ 0.38 an hour. By working on assignments, women lose control of the production process and are forced to accept low wages.<sup>33</sup>

### **Women's Income and Status within the Household**

The present analysis reveals in detail why women as micro-producers encounter many boundaries to accumulating capital and consequently earn less than their male counterparts. In this section I aim to elaborate on the analysis by examining the consequences of women's incomes for their status within the household. What difference, if

<sup>33</sup> See: Benería and Roldán, *Crossroads* (1987).

any, has their income made to intra-household gender dynamics?<sup>34</sup> This question is the subject of a long-standing debate, which has become considerably more significant since the explosive growth of job opportunities for women in export-oriented factory production in many parts of the Third World.<sup>35</sup> Within the debate, intra-household relationships are now generally acknowledged as entailing power inequalities, but scholars disagree on whether women's income may improve their status. Bhachu, for example, argues that wage work gives women a strong means for establishing a power base in the household, because it enables them "to invest and consume in their own interests and for their own benefit."<sup>36</sup> Kabeer states that the wages of women working in Bangladesh's garment industry have made an unequivocal difference in the lives of most of the female workers.<sup>37</sup> Others stress that the social relations of production become bearers of gender and reproduce gender hierarchies. Because of this consequence, jobs generated by export-oriented production are exploitative and have little potential to improve women's status or bring about significant cultural change.<sup>38</sup>

The present analysis of the capital-accumulating potential of women working in Lima's small-scale economy confirms the theoretical insight that gender hierarchies are an integral part of the social relations of production. The organization of micro-production is strongly embedded within the gender inequalities at the household level.<sup>39</sup> Male control of intra-household cash flow and the gender-based division of labor are important analytical tools for understanding how and why women's potential for accumulating capital is hindered and for elucidating the close links between women's limited incomes and their subordinate position within the household. In their search for an alternative production form, women organize in communal workshops. As a result, they become easy targets for large industries seeking cheap outworkers. By accepting work on assignment, the women risk losing control of the production process and are forced to accept low earnings. How can income generated under conditions that merely reproduce gender (and class) inequality ever improve women's status? From a scientific perspective, observers might think that this is impossible.

But the women have a different perspective.<sup>40</sup> However small their earnings may be, they relieve some of the stress of the daily

<sup>34</sup> Kabeer, "Women" (1997), p. 267.

<sup>35</sup> Elson and Pearson, "Subordination" (1984).

<sup>36</sup> Bhachu (1988), p. 76.

<sup>37</sup> Kabeer, "Women" (1997), p. 98.

<sup>38</sup> Elson and Pearson, "Subordination" (1984), p. 30; Arizpe and Aranda, "Women" (1986), p. 191.

<sup>39</sup> See: Wilson, *Casa* (1990).

<sup>40</sup> Roldán, "Renegotiating" (1988).

struggle to make ends meet. Often the women spend their money on food, clothes, and school supplies for their children. They also spend some on their own well-being, such as on bus fares to visit a distant relative. One woman reported that she used her income to buy contraceptives. Furthermore, these women's earnings give them a small but meaningful base for renegotiating their status with their husbands. I have already given the example of Miriam, who managed to gain control over her own working capital. In another case, Rosa—the wife of the furniture producer Juan Carlos—finally managed to set up her own business during the course of my study. Her husband had blocked all her previous attempts. She started selling sweets and soft drinks on a very small scale from a stall she had set up in the doorway of her house. Then, her husband started borrowing and asked her to lend him money. To avoid an argument, she gave him her working capital, which he did not repay, thus ruining her business. Rosa was very angry, and was unwilling to accept this. To make her husband see that his dominant behavior was wrong, she mobilized her social network. She openly requested advice from her neighbors, the nurse, and the priest, stressing that her intentions were only to help her children and husband. The general opinion was that she was entitled to earn her own income. Her crusade ended when her husband implicitly admitted he was wrong and agreed to attend a course on marital coaching organized by the church. Although it would be an exaggeration to say that Rosa's status has improved considerably since this incident, it has been a small step in the right direction for her and has made daily interactions with her husband bearable and given her hope for future improvements.

Finally, I want to return to the members of the communal workshops, who, through subcontracting relations, can be integrated into global markets. Though their low income is reason enough for the critical observer to think of their work as exploitative, the women doing such work attribute multiple meanings to it. The assignments are brought to them by the leader of the workshop, which is normally located in or near one of the members' homes. This makes it easier for members to combine their paid work with their other duties. They work four hours a day in each other's company, caring for their children at the same time. The women consider this a favorable working arrangement that partly compensates for their low wages. The women also speak well of their organizations. Although the primary objective of the women's organizations is to support their members in their daily survival effort, they also serve as communal places for the women. Within the grassroots organizations, the women enjoy each other's friendship and solidarity. They learn to assume responsibility, to run things, to defend the democratic structure of their organizations, to express their opinions, and to stand up for themselves. Their self-esteem grows, as does their confidence in solidarity and joint ac-

tion.<sup>41</sup> Last but not least, research indicates that the participation of the women in grassroots organizations has the potential to change household gender relationships. According to Sara-Lafosse, the organizations introduce a cultural change concerning the seclusion in the house of married women and, as a result of women's increased self-esteem, are conducive to improving relationships between spouses.<sup>42</sup>

### Concluding Remarks

The aim of this chapter was to analyze why female micro-producers have fewer opportunities than men to accumulate capital and consequently earn less. Many starting female and male producers integrate the organization of production activities within the organization of their household. Based on their subordinate status within the household—as manifested in particular by the gender division of labor and male control of the intra-household cash flow—female producers face severe boundaries and limitations. Compared to men, they start their activities with less capital, less knowledge, and fewer contacts. They are unable to benefit from the intra-household cash flow the way men do, and they have fewer opportunities to use an unpaid family-worker. And even though female producers have access to informal credit systems, these systems offer fewer opportunities for them to raise capital. Finally, their domestic duties limit both the time they can invest in their production activities and their freedom of movement. Thus, many female producers use their neighborhood networks as sales markets, which decreases their profits and forces them to behave “appropriately” for their gender as part of customer relations. This last point once again emphasizes their domestic and caring duties. Many male producers benefit from their greater dominance within the household in the capital accumulation process (such as access to family labor and extra cash from the intra-household flows), opportunities to avoid household chores and care duties, and greater freedom of movement and time investment. This part of the analysis makes clear that the poor who strive to improve their economic situation do so as gendered individuals. In Lima, gender boundaries, inequalities, and hierarchies may count as social and cultural resources available to men, while for women they may be regarded as a potential source of limitation and difficulties. Therefore, poor women who try to improve their economic situation will

<sup>41</sup> Blondet, *Mujeres* (1991); Sara-Lafosse, *Comedores* (1989); Villavicencio, “Impacto” (1989), p. 271.

<sup>42</sup> Sara-Lafosse, *Comedores* (1984), p. 90; see also Villavicencio, “Impacto” (1989), p. 268.

simultaneously have to struggle against existing gender boundaries and meanings of femininity and masculinity.

The communal workshops offer female producers an alternative production organization that is independent of male household members and outside their control.<sup>43</sup> These workshops may solve some of the problems women encounter when producing individually. However, because the members lack the contacts to sell on favorable markets, they are willing (or forced) to accept assignments from large industries. From the perspective of export companies, the workshops form groups of cheap and easily accessible outworkers. If the women take their chances with these firms, they risk losing control of the production process and are forced to accept very low wages.

The women in this study generate an income under conditions that reproduce gender and class inequalities. This raises the question of whether such an income has the potential to change existing gender hierarchies and improve women's status within the household. The women attribute multiple meanings to their work and income. They realize that their earnings are small, and that—especially by working on assignment—their working conditions may be exploitative. Still, they perceive the opportunity to organize their production activities around their household chores and care duties as an advantage. They spend their income on improving the wellbeing of their children and themselves, thereby enhancing their sense of control and self-esteem. The very fact that they generate an income may already signify crossing gender boundaries and resisting established gender inequalities. Their earnings give them a tool to renegotiate their relationship with their husbands. This tendency is intensified by their participation in grassroots organizations. I share these women's opinion that these are all small steps forward in the complex and slow process of social transformation. Merely stressing the many ways gender inequalities are reproduced entails the danger of denying the importance the women attribute to their income and subsequently denying that these women are vocal actors.

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<sup>43</sup> See: Kabeer, "Women" (1997), p. 265.



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