

Analysis of the Conditions of Workers in the Informal Economy (Case Study: Qorveh Town)

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Extended abstract

1. Introduction

Under the impact of global economy, in many parts of the world, urbanization has been and is accelerating, and has changed the appearance of the earth. With the rise in urban population and the increasingly rising trend of migration from villages to cities, the social, economic, environmental and physical aspects of the city have drastically changed. The environment of the city has changed from a static to a dynamic and conflicting one. Urbanization, as an inevitable and accelerated process, has substantially developed by the end of the twentieth century. Accelerated urbanization and the rise of city population in addition to inefficient management as well as the influence of political economy have led to the increase in unemployment in developing countries, on the one hand, and driven a portion of city population towards jobs in informal economy, on the other hand, simply to make ends meet and escape poverty. The informal economy is a broad concept used to describe the unsafe forms of economic activities mostly in developing countries. Nevertheless, informal economy in many countries is the only practical way to escape unemployment.

2. Theoretical Framework

In many developing urban populations, over half of the people work in informal economy and live in informal residences. The current study explores the informal economy of the town of Qorveh, as an exemplary case. The study also attempts to determine the rate and conditions of participants in its informal economy. For that matter, theories and concepts on informal economy as well as earlier

empirical research on the topic have been employed.

3. Method

This descriptive-analytic research uses survey data through a self-designed questionnaire instrument. Drawing on earlier studies, the study collected the data through field works. The randomly selected sample included 130 cases. The obtained data were analyzed using a number of descriptive and inferential statistics, including tests of Chi-Square and ANOVA on SPSS package.

4. Results and Discussion

Nowadays, one of the social and economic challenges in most cities in developing countries including several cities in Iran is the problem of informal economy and its consequences. The wide scope and variety of the informal sector and its significance in urban economy are too substantial that cannot be overlooked. In the following, the findings of this study are presented. In this case study, the age of 61.5% of the participants in the informal economy ranges between 15 and 45, who mostly work on the main streets. 98.9% of the participants in the informal economy have no finished high school. This seems to indicate that low education and no skills are the most relevant feature for participating in the informal sector of the town. 63% of the participants involved in the informal economy are migrants from the nearby villages who had to move to Qorveh in pursuit of jobs and a higher quality of life. Over 70% of the participants had to get involved in the informal section due to previous unemployment which indicates the poor economic infrastructures of the

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area. In addition, 95% of the individuals active in the informal economy of the town of Qorveh do not pay taxes to the government. Furthermore, the results indicate that 97% of the workers in the informal sector are not satisfied with their occupation, and 86.9% do not have any kind of insurance.

5. Conclusion and Suggestions

Considering that 98.9% of the participants in the informal economy have very low education, and as such do not specialize in anything and also since 61.5% of them are between 15 and 45 years old, which is the active portion of the country's population, it is recommended that the younger participants of the informal economy be trained in vocational schools, free of charge, so that they can be prepared for employment in the formal economy. As 63% of the participants in the informal sector are migrants from the nearby

villages in pursuit of better economic and social opportunities, creating small-scale alternant industries in rural areas can significantly help prevent the migration to urban areas. In the town of Qorveh, 70% of the participants stated that their reason beyond entering the informal economy was unemployment and 22% of them referred to their lack of initial capital. The government's investment on infrastructures for the sake of increasing the production capacity, its attention to investment on human resources, prioritizing the employment of the locals, attracting unsettled investment for creating labor-intensive rather than capital-intensive jobs can help eradicate unemployment crisis to some extent in the region.

Key Words: Economic sector, Informal section, Qorveh town, Unemployment.

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