

Rethinking Human Capital:
Perspectives from women working in the informal economy

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Executive Summary

This report presents findings from field-based research conducted over the Summer 2021 in which multiple roundtable sessions were held with selected members of the Self-Employed Women's Association (SEWA) in India. SEWA members are women, informal sector workers, close to 1.9 million strong, and through our roundtable conversations the participants were able to provide important perspectives and insights into our knowledge of human capital. The development of human capital is a priority for most nation states, accelerated by the COVID-19 global pandemic, and since 2018 has been the subject of attention by the World Bank through both their Human Capital Project and their development of a Human Capital Index. This report shows how the perspective of women, informal sector workers, representing some of the most marginalized workers in society, informs and improves our understanding of human capital and its development and utilization by highlighting themes that are often overlooked in the literature or are beyond the scope of more narrow conceptualizations of human capital. In particular, our findings show that human capital is inseparable from other forms of capital (community assets) and that the benefits accrued to women through being organized have been key to unlocking their human capital potential.

Introduction

Protecting people's lives and livelihoods has been a priority around the world ever since the global Covid-19 pandemic began. There is greater realization at the level of multilateral organisations and national governments that 'rebuilding better' requires investment in human capital. As stated by the World Bank's Human Capital Project "with the current COVID-19 pandemic, it's even more important to understand why countries should invest in human capital (HC) and protect hard-won gains from being eroded."¹ As recovery and rebuilding programs are created, it is important to revisit the concept of human capital and understand its broader meaning and implications for policy.

Launched in 2018, the World Bank's Human Capital Project "envisions a world where all children...reach their full potential...and enter the job market as skilled and productive adults."² Our starting point is that reducing human beings to a commodity with economic value is problematic and produces an understanding of human capital that is narrow in its conceptualization. The research undertaken to produce this report aims to understand, expand, and enliven the concept of human capital and influence its subsequent application. To do so, we believe that listening to the perspectives of women working in the informal economy, part of the estimated 2 billion people globally who make their living in either the informal sector of the economy or who are employed informally,³ will help us to reimagine the concept of human capital and put us on a better path toward rebuilding nurturing economies.

Consider the work of the Self-Employed Women's Association (SEWA) in India. Since 1972, SEWA has organised over 1.9 million women workers in union and social enterprises that women own and manage. For SEWA, human capital is evident in how they build the capacities and leadership capabilities of their members to take charge of their family's development, development of their collective organisations and that of the local community. When a woman joins SEWA – as a farmer, rag picker, embroidery worker, street vendor and others working in the informal sector – she not only gets education in various trades to be a successful entrepreneur/worker, but she also builds an identity of a 'worker', the self-confidence and voice to take ownership of her enterprise and control of her livelihood, as well as the agency, dignity, respect, and capacity to freely lead a life that she values. Such an emphasis on both productive and worthwhile lives aligns with what Amartya Sen describes as the interrelated concepts of human capital and human capability (where the latter broadens our concern beyond economic production to all of social development and change, and to which the former is but one part).⁴

To this end, SEWA partnered with researchers from the Coady International Institute at St. Francis Xavier University (StFX) in Antigonish, Nova Scotia and StFX's Gerald Schwartz School of

¹ <https://www.worldbank.org/en/publication/human-capital>

² <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/484411583472053419/human-capital-project-ministerial-conclave-promoting-jobs-and-economic-transformation>

³ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf

⁴ <https://www.staff.ncl.ac.uk/david.harvey/AEF806/Sen1997.pdf>

Business to investigate how SEWA members make sense of human capital, its meaning and its antecedents. In this report, we present a brief summary of the literature on human capital and our findings from a series of round table conversations with SEWA members which contribute to the existent knowledge about human capital and which have implications for human capital development efforts.

Literature Review

According to the definition provided by the World Bank, “human capital consists of the knowledge, skills, and health that people invest in and accumulate throughout their lives, enabling them to realize their potential as productive members of society.”⁵ To measure human capital, the World Bank launched the Human Capital Index at the nation state level, “designed to capture the amount of human capital a child born today could expect to attain by age 18, given the risks to poor health and poor education that prevail in the country where she lives.”⁶ This is a comparative initiative with 82 participating countries at the time of writing this report. The value of the Index, it is argued, is that it quantifies the contribution of health and education to the productivity of the next generation of workers. Countries use it to assess how much income they are foregoing because of human capital gaps.⁷

The framing of human capital in use by the World Bank has not strayed far from its origin, notably the work of the late economist and Nobel Laureate Gary Becker in the mid-1960s.⁸ According to Becker, developments in the resource generating capacities of people required (and appeared limited to) investments in education, on-the-job training and medical care.⁹ Accordingly, the World Bank’s definition of human capital emphasizes schooling and health, yet in their working papers they address women and youth employment, sexual abuse, conflict and violence, public policies and more to provide direction for policy makers in specific regions to implement policies that will develop human capital in those regions.

In the case of women, for example, existing research acknowledges that comparatively lower labour force participation rates are impacted by a host of causal factors that lower their human capital potential. Traditional gender roles within marriage including child rearing, the existence of supportive environments from both within the household (e.g. grandparents to help care for grandchildren¹⁰) and the community (e.g. conditional cash transfer programs that promote/reward education and health care¹¹), and land ownership have all been shown to be

⁵ <https://www.worldbank.org/en/publication/human-capital#Index>

⁶ *ibid*

⁷ *ibid*

⁸ Becker, G.S. (1964). *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. New York: National Bureau of Economic Research (distributed by Columbia University Press)

⁹ <https://izajole.springeropen.com/track/pdf/10.1186/s40172-014-0012-2.pdf>

¹⁰ Chatterjee, U., Murgai, R., & Rama, M. (2015). *Job Opportunities along the Rural-Urban Gradation and Female Labor Force Participation in India*. Policy Research Working Papers. World Bank.

¹¹ Macours, K & Vakis, R. (2016). *Sustaining Impacts When Transfers End: The Role of Women Leaders for Aspirations and Human Capital Investments*. National Bureau of Economic Research Working Paper 22871. NBER.

factors that promote the self-efficacy (internal orientations) and enabling environments (external orientations) that are helpful toward improving labour force participation rates that are needed for women to become productive workers.

The Human Capital Index pays much attention to physical health and health care expenditure indices and advances the well-understood position that access to health care, nutrition and sanitation are, amongst others, necessary for the well-being and development of people. The literature also notes the importance of attending to mental health, being a prerequisite for learning and entrepreneurial success. Mental health may also be adversely impacted, in turn, by social experiences such as economic hardship¹² and the presence or absence of parents or caregivers¹³ that contribute to education deficiencies and lower test scores. These points highlight the complex web of causality behind health-related data that generates any country's placement on the Index.

The emphasis placed by the Index upon school attendance rates and test scores may also be impacted by the quality of the education system itself, including school-to-school differences and the teachers within it,¹⁴ all dependent upon a host of variables from funding to access to cultural norms. Data also suggests that rates of attendance are poorly correlated with student learning.¹⁵ Combining these points with variables ranging from the level of parental support to the impact of peer pressures, we are left with the question of how to determine the depth of human capital development that is attainable from indices that are used to measure the educational development of participating nations.

Businesses impact human capital in a variety of ways that also may not be captured by the Human Capital Index. The availability of on-the-job training to improve job specific skills has always been central to Becker's original conceptualization of human capital development, and those training programs are also not amenable to universal standards because businesses need unique training approaches for different groups of workers.¹⁶ Age and other demographic factors (e.g. people with disabilities) also place certain people at a disadvantage when it comes to securing employment despite their potential to contribute to human capital advancements.

This review has shown that human capital is a multi-faceted construct, and its development may be dependent on a host of factors that fall outside the scope of indices reported by the World Bank's Human Capital Index. One only needs to consider the range of barriers to employment, especially those faced by women, and the myriad causal conditions that impact

¹² Mossakowski, K. N. (2014). Social Causation and Social Selection. *The Wiley Blackwell Encyclopedia of Health, Illness, Behavior, and Society*, 2154–2160.

¹³ Alderman, H. (2011). No Small Matter: The Impact of Poverty, Shocks, and Human Capital Investments in Early Childhood Development. *Human Development Perspectives*. World Bank.

¹⁴ Fleischhauer, K.J. (2007). A Review of Human Capital Theory: Microeconomics. University of St. Gallen, Department of Economics Discussion Paper.

¹⁵ Hanushek, E A., and Woessmann, L. (2012). Do Better Schools Lead to More Growth? Cognitive Skills, Economic Outcomes, and Causation. *Journal of Economic Growth*, 17(4), 267-321.

¹⁶ Roumpi, D., Magrivos, S., & Nicolopoulou, K. (2019). Virtuous circle: Human capital and human resource management in social enterprises. *Human Resource Management* 59(5), 401-421.

one ability to obtain good health and education, and an even broader consideration of factors such as the presence of roads and intellectual property rights, to understand how a broader conceptualization of human capital may be needed so that investments in developing it pay dividends. Our premise, therefore, is that we should not be concerned solely with health and education outcomes.

This report presents findings from research that sought to reimagine human capital from the perspective of women, workers and union members (and the intersectionality of all three). We are inspired by how SEWA seems to have been able to build human capital in ways that produce women-to-women learning and sharing, capacity and confidence building, strength through solidarity, and economic independence for SEWA members. It made sense, therefore, for us to proceed using a case study approach. The questions guiding this research are as follows:

1. How can the perspective of women, informal sector workers, representing some of the most marginalized workers in society, inform and improve our understanding of human capital?
2. How might our findings show the inseparability of human capital from a host of other community assets (other forms of capital) to produce a more holistic understanding of it?
3. What are the implications of this understanding on what is required for human capital development?

Methodology

Pursuant to institutional research ethics approval, we conducted a series of four virtual roundtable discussions with members from SEWA in India. Most of the members were from 14 districts of Gujarat, India. Each roundtable session was with a unique cohort, namely i) the SEWA leadership team and local organizers, ii) agricultural sector workers (rural), iii) artisans / embroiders and weavers (rural), and iv) construction workers, waste recyclers and street vendors (urban). SEWA organizers shared the invitation to participate with hand-selected SEWA members based on their involvement with the union to ensure that they had a reasonable basis of experience upon which to draw in conversation with us. Members joined via Zoom either individually or in groups from local SEWA offices; as a result, exact attendee numbers were difficult to obtain. We estimate that the participant count ranged from 12 to 42 in each of the four different sessions.

Given the potential for there to be ambiguity about the term “human capital” (a concern realized in the first roundtable session where human capital was loosely translated as human “resources”), we framed our research as being about the capabilities people need to have to enjoy a better quality of life. With that framing in place, we invited SEWA roundtable participants to share their thoughts in response to the following general questions:

1. What do they consider as human capital?
2. What are the challenges that they currently face as informal workers?
3. What would be necessary for them to realize improvements in their own human capital?

4. Where do they gain the skills and capabilities that they need as workers?
5. What types of policies, programs or services would be beneficial to their efforts to become self-sufficient and independent?
6. How has being organized in the SEWA union contributed to their human capital development?

A specific member from SEWA's leadership team was present for each roundtable to review the purpose of the study, introduce the researchers, obtain oral consent by all participants to proceed and to perform translations throughout the duration of each session. Each roundtable session was 1.5 – 2 hours in duration. The research team took notes throughout and had access to the Zoom recordings, from which several themes emerged that represent important findings and contribute to our understanding of the human capital construct.

Findings

A thematic analysis of the notes taken from our roundtable sessions revealed five primary themes which suggest that human capital cannot be realized through education and health care alone. Indeed, it appears that human capital is tightly interwoven with other forms of capital, and hence efforts to build the former cannot be achieved in isolation from attending to the latter. In this section we present the key themes of i) precarity of operations, ii) cultural and structural barriers to gender equality, iii) the importance of technology and specific types of training, iv) market structures and conditions, and v) the value of organization. These themes are closely connected; for instance, cultural and structural barriers that women face are closely related to market structures and their functioning. Similarly, the digital divide is a structural issue that, along with other barriers, leads to structural inequalities. In the sections that follow we consider the key lessons learned about human capital in relation to existing knowledge from our literature review, relate human capital to the other forms of capital, and discuss the implications of these findings for human capital development.

i) Precarity of operations

Precarity decreases informal sector workers' potential to be productive members of society in ways that are unrelated to their health and education levels. Women working in informal sector occupations ranging from farmer to embroiderer to street vendor are dependent upon access to physical space – from farmland to street corners – upon which they can enjoy the productive benefits of their labour. As will be discussed in the next section, women are excluded from systems of ownership of land, such as lack of title. Combined with the small scale of their agricultural enterprises, their access to loans, insurance and technologies that might enhance their productivity may all be prohibited. A woman working on a small plot of land passed down through generations is not even recognized as a farmer by government and thus lacks access to state-provided benefits for farmers. Recent cyclones in the region led many of our roundtable participants to lose earnings that are not recoverable by any financial aid schemes available to them.

Street vendors are also subject to the whims of police enforcement and competition for scarce space that is sufficient and safe for the selling of their merchandise. Access to stalls in the licensed markets is insufficient, and so in large part they are vulnerable and operate only at the assent of others. If seen as a threat to the more well-established retail outlets, informal street vendors can quickly see their permission to operate revoked by government officials. Likewise, corporations that see the profit potential of waste collection and recycling secure the contracts to perform these services while squeezing out the individual waste collectors.

The absence of minimum social security provisions was a common theme amongst our roundtable participants as well. Even if women, informal sector workers have the skills and ability to generate a sustainable income, this alone does not signal the presence of human capital development. Is the income sufficient to provide for housing, for a nutritious diet, and to send children to school so that the women can go to work? Is it sufficient to cover for periods of illness, to care for sick elders, or to be off work on maternity leave? Are these services accessible to the women where they live, and do affordable housing units and affordable school options for children even exist? And who is able to obtain a government identity card as a worker, a necessity for accessing social security schemes from housing subsidies to pensions? These gaps point to the need to appreciate the myriad factors that destabilize the income generating potential of informal sector workers and impact human capital development at the household level.

These findings relate to the growing call for establishing universal social protection as a priority for social and economic development for individuals, communities, nations and societies.¹⁷ They affirm that well-designed and implemented social protection systems can enhance human capital and productivity and reduce inequalities.¹⁸ Adopting a life-cycle approach (integrated set of policies to ensure income security and support to people of all ages and stages of human development) to universal social protection could address vulnerabilities and provide protections against climate, market and other shocks.¹⁹ Universalization, however, requires financing and therefore the corresponding recognition of the need for a global social protection fund.²⁰

ii) Cultural and structural barriers to gender equality

The aforementioned systems of exclusion are felt more directly by women workers. In comparison to men, women disproportionately lack birth certificates and other forms of documentation that are needed to gain access to a variety of benefits ranging from housing to bank loans (for equipment and other inputs). Land ownership, often passed through generations and thus also lacking documented proof of ownership, is nevertheless often passed

¹⁷ <https://www.usp2030.org/gimi/USP2030.action>

¹⁸ <https://www.social-protection.org/gimi/gess/RessourcePDF.action?id=53992>

¹⁹ *ibid*

²⁰ <https://www.ohchr.org/EN/Issues/Poverty/Pages/global-fund-social-protection.aspx#:~:text=The%20idea%20of%20a%20Global,efforts%20to%20mobilize%20domestic%20resources.>

on to husbands and in-laws, denying women the collateral needed to obtain debt financing. Some villages and community leaders do not embrace the idea that women could receive training and become self-sufficient, and due to the social norms that exist within the caste system, many women are not permitted to independently sell their handmade products at markets and street stalls. Also, women who wish to work in construction trades are presumed to be less skilled and therefore are both paid less and subject to higher standards for accessing such jobs (e.g. job performance tests). Efforts to address human capital development must therefore attend to the systematic ways in which inequality of opportunity prevents women from engaging in productive work that builds the human capital of a nation and improvements to overall quality of life.

iii) Technology and training

Adding to the barriers facing women in accessing the loans needed to invest in forms of capital that might increase their productivity, the technology itself can also be gendered. Roundtable participants often cited the lack of women-farmer-friendly equipment and demonstration-based training programs targeting women on how to use these tools.

Informal sector workers also lack on-the-job training opportunities; because they are self-employed, there is no employer that is willing and able to invest in the training needed for these women to participate in the key processes of human capital development. Farmers, for example, continue to employ traditional farming practices that were taught to them as children. Advances in our knowledge of crop variety and seed selection, natural alternatives to chemical fertilizers and pesticides, drought resistance and climate change adaptations, and the latest developments in animal husbandry need to find ways of reaching the farmers to diversify and secure income sources. Likewise, home-based artisans such as weavers and embroidery workers engage in highly time-consuming forms of labour following traditional patterns, yet knowledge about new time saving machinery, or about the market trends in consumer preferences, need to inform these traditional practices so that the women are better able to enjoy the economic security benefits of their craft labour. Quality control is expected, and therefore quality management skills are needed. This skills gap highlights an opportunity for organizations to fill the void by creating training programs, local knowledge-sharing platforms and technology loan programs. Farmers, artisans and other informal sector vendors also need to improve their marketing and digital skills so that they can participate in online commercial exchange platforms, and develop general competencies in financial management and leadership.

A particular point of emphasis was the development of negotiation skills to make them more confident and less vulnerable. For example, when waste recyclers are better able to bargain with scrapyards owners for a fair valuation of their materials, or when street vendors bargain successfully with local authorities to obtain permission to occupy real estate, the income and social status – indeed the human capital – of these women rises accordingly.

iv) Market structure and conditions

It often takes money to earn money. Street vendors cannot enter the market without first borrowing the money needed to acquire their inventory. Weavers and embroiders need to purchase the fabrics, threads, dyes and other tools of their trade, and escalating costs for supplies that are not matched by revenue increases create financial vulnerability for artisans. Vegetable and salt farmers obtain cash advances from the distributors to purchase the seeds, fertilizers, and equipment needed to harvest their crops. These forms of advances create economic dependency with interest obligations that inhibit informal sector workers from enjoying ownership and control of their livelihood and enterprise. These workers are also extremely vulnerable to any shocks in their market that place them in positions of indebtedness, as experienced with COVID-induced declines in demand, or as experienced by extreme weather events and crop failures.

It is also hard for informal sector workers to compete against larger producers that are able to acquire time-saving technologies and formally employ workers in their shops to make products like embroidered clothing at a quantity and price which assures their advantage when bidding on contracts. We heard from our roundtable participants how state schemes to decentralize supply chains, promote buy-local policies or assist informal sector workers develop an online presence to access potential new customers would all have utility in helping these workers realize the full extent of the productive capacity of the job-specific skills they already possess.

v) Organizing and organization

Perhaps the most prominent theme to emerge from our data gathering efforts was the value of organizing, which again is a seemingly overlooked aspect of human capital development. Beyond the plurality of schemes to invest in childhood education and health, being organized in a union of women informal sector workers – being SEWA members – was instrumental for how they were able to capitalize upon the health and education levels that they had accumulated. This occurred through threefold means. First, the women felt that organizing helped them to be recognized as workers by others and changed how they made sense of their own identity as worker-owners with independent enterprises. Moreover, the women felt that the solidarity of the union buffered against forces that would seek to exploit them as individuals; otherwise, as poor labourers they often felt invisible and powerless. Through SEWA they could be more forceful and confident in standing up for their economic interests knowing that they were backed by a women-worker movement.

Second, the roundtable participants often spoke about how the value of their traditional work tended to be ignored by themselves, their families, and communities. SEWA helped the workers to see the income generating value of their traditional practices. Whether they were already farming, weaving or engaged in some other form of labour, SEWA helped the women to marketize their products, to see the exchange value inherent in what they were doing if scaled beyond providing for their own families to provide for the broader community and customers beyond. Women were then able to stay home, developing their enterprises instead of migrating

as labourers. In this way, human capital development can be realized by simply reimagining the value of one's work. Women also have a multiplier effect within their communities; once some started to earn a decent income with the support of the union, other women around them also joined which helped to increase the capacity of the organization to turn them into successful entrepreneurs. There is pride and dignity too in being able to continue the heritage of traditional art forms like embroidery and to be able to pass that down to the next generation who can appreciate these arts as means to a livelihood that is sustainable.

Finally, the various supports made available from the SEWA network into which the women now belong enabled the workers to exert more control over their livelihoods and provided the women with the tools needed to scale up and be present in the marketplace. This takes many forms, including access to capital through SEWA-owned financial loan schemes, access to customers through SEWA-run markets, access to technology through SEWA-facilitated borrowing networks, or through being part of a producer co-op and pooling their produce to receive better prices from distributors and cut down on transportation costs.

Discussion

The various themes emerging from the round table discussions with the SEWA members, when compared with the literature review findings, provide a different perspective of human capital. In particular, comparisons with the Work Bank's HCI provide a contrast in terms of *what is measured* (primarily health and educational outcomes expected to be attained at the age of 18) and *what it not measured* (all important aspects of accumulation and productive use (utilization) of human capital in adulthood through meaningful work).²¹ The latter is at the heart of SEWA's work. For them the process of human capital building starts when a woman joins the organisation, most often after attaining adulthood. This process includes: i) organising (in unions, self-help groups, cooperatives, and other member-based organisations), ii) education and skills building (on different trades and entrepreneurship), building capacities and confidence to manage their enterprises and that of the group, and iii) acting as an intermediary (filling the gap) between the women members and the private sector, and with government to facilitate access to markets, products, services and protection – a bottleneck millions of rural and urban workers face in the informal economy. Such investments in human capital enable participation in economic life, yet we find them currently missing in the HCI measurements.

Recognising such limitations in measurement, HCI 2020 analyzes measures to account for the utilization of human capital.²² The Utilization-Adjusted Human Capital Indexes (UHCI) adjust it for labour market underutilization of human capital in recognition that “the index is silent on the opportunities to use accumulated human capital in adulthood through meaningful work.”²³ While it is important that utilization measures have been added to HCI, it can potentially

²¹ <https://openknowledge.worldbank.org/handle/10986/34432>

²² *ibid*

²³ *ibid*

underestimate informal, self-employed, or unpaid work.²⁴ Considering 60% of the world's employed population currently works in the informal economy,²⁵ not including them as part of the UHCI measurement further adds to its limitations.

Our conversations with informal sector workers from SEWA provide important insights on the different aspects of human capital in the informal economy – how it is conceptualised, currently utilized, connected with other forms of capitals, and how it has been built by SEWA. The following three aspects emerge strongly in our analysis.

i) The informal economy context

The conversations reveal the complex realities and challenges that people working in the informal economy must deal with every single day. From negotiating for vending spaces in the cities, securing affordable loans for growing crops, finding markets and transportation for perishable goods, encountering gender-based violence in public and private spaces, to dealing with frequent droughts and erratic rainfalls, the challenges are manifold. To navigate through such challenges, coupled with mega-trends and shocks – natural/climate, macro-economic, technological, health, socio-political, and more – people assemble the resources and capabilities needed to survive.

ii) Unlocking human capital through organising and institution building

What we learned in the SEWA story was the ability of their members to deal with these challenges. This ability comes from a variety of activities and investments to build individual and collective agency and assets, not only to survive but to create sustainable livelihoods. There are three aspects key to SEWA's success in the creation of strategies and institutional vehicles to address specific issues. The first aspect of SEWA's response is how they address the **structural barriers** described in the earlier section, ranging from legal and institutional to attitudinal, cultural and societal barriers and norms. This also means creating practical solutions for practical problems. For example, mobility is a big barrier for women to access work and markets. To address this, instead of women going to work, SEWA brought the work to them, such as creating home-based embroidery work so that women could utilize their human capital in conditions most suited to them. Addressing structural barriers also meant advocating for creating enabling legal frameworks and policies.

This leads to the second aspect of bringing **worker voice** to the fore. A clear example of this was the enactment of the *Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014* in which SEWA played a key role through collaboration with civic authorities,

²⁴ https://www.devcommittee.org/sites/dc/files/download/Documents/2019-09/Human%20capital%20project%20Final_DC2019-0007.pdf

²⁵ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_627189/lang--en/index.htm#:~:text=employed%20population%20...-.More%20than%2060%20per%20cent%20of%20the%20world's%20employed%20population.work%20and%20dec ent%20working%20conditions.

representation and dialogue with lawmakers, and rigorous advocacy. Such game changing policies provide rights and allow street vendors to build and fully utilize human capital.

Third is the strength of **the collective**. Whether gaining income through their micro-enterprise or through informal employment, workers in the informal economy lack agency, bargaining power and access to basic services when operating individually or at the household level. SEWA's work in bringing them together as union members and in collective social enterprises builds that agency, power of the collective and critical mass that unlocks access to what they are denied by the informal context of their work. For example, SEWA Bank (owned and managed by SEWA members) was formed to address the issue of access to financial services. Previously considered unbankable, over 200,000 women shareholders not only access financial services but also demonstrate capacities to manage the complex operations of a bank. For another example, the embroidery workers in the Rann of Kutch (part of the Kutch District of Gujarat) were engaged in the traditional embroidery work that passed on from one generation to the next, but they did not sell their product for income as they never realized its market potential. We learned that it was not until 1987 when SEWA came across the fine artisanal skills that the women possessed and started to help them realize the value of their craft. It required significant work to help women believe in their own human capital, and it required them to come together to create the critical mass needed to access training, inputs and most importantly to access markets. Women now make as much income from one piece of traditional *Kurta* as previously they would make in one year.

The prior examples illustrate the power of organising in unlocking the human capital that already existed but was never fully realised. "*We are poor but so many*" – these words of SEWA's founder Elaben Bhatt represent both the challenge and opportunity. Organising informal workers into self-help groups, nano/micro enterprises, cooperatives, and unions has been a critical tool in this case for unlocking and building human capital, and so organising continues to be SEWA's most important contribution. As a trade union, it provides security, safety and a sense of belonging to the informal sector workers, giving them the identity and recognition as workers. As a development organisation, it also creates access to education, skills development, infrastructure, markets, services and more to empower its members – dimensions that are important for building human capital as well as for its utilization. With such broad support, SEWA women now get up every morning ready for the fight. They learn, they innovate, they join hands to fight for their rights and negotiate with market actors, they learn new skills, they secure opportunities, and they take risks, but they never give up. For SEWA, this is building human capital.

iii) Connections with other forms of capital

We found the utilization of human capital to be closely linked with and often inseparable from other forms of capital. We applied the sustainable livelihoods framework²⁶ to analyze such links

²⁶ <https://www.livelihoodscentre.org/documents/114097690/114438878/Sustainable+livelihoods+guidance+sheets.pdf/594e5ea6-99a9-2a4e-f288-cbb4ae4bea8b?t=1569512091877>

and their reliance on each other. A widely used tool in the planning and management of livelihoods and poverty reduction programmes, the framework offers a useful way to organise complex information and factors that affect people's livelihoods. The framework represents the capitals in five categories: i) human capital, which includes personal health, education, capacity to work, skills and knowledge that enable people make a living; ii) social capital, which includes family, friends, networks and social relationships, formal and informal groups and the social resources people rely upon to make a living; iii) physical capital, which consists of basic infrastructure, technology, tools and equipment people use for their livelihood activities; iv) financial capital, which includes savings, credit, remittances, salary/wages and any form of liquid asset that people use for economic activities; and v) natural capital, which consists of natural resources such as land, water, forest, wildlife, and minerals that support people in deriving livelihoods. Access to and control over these multiple forms of capital is essential for creating sustainable livelihoods.

We learned from the round table conversations that to take advantage of investments in human capital through education, training, and skill development, the members needed additional support like access to finance, infrastructure, markets, and more. Consider, for example, training to improve the practice of growing organic cotton (a project currently undertaken by 50,000 women producers in Gujrat). To engage in this work requires the women farmers to have money to invest in production, harvesting, and primary processing before it is sold to a trader. That is financial capital. She must have access to land where cotton can be grown and access to water for irrigation. That is natural capital. She may need access to equipment such as for ploughing and for irrigation, and the infrastructure required for processing and storage. That is physical capital. And she will need social capital in the form of networks, relationships and social standing needed to access capital and markets. Through this example we aim to show the inter-connectedness of all forms of capital, and that an absence of any one could mean that investments in human capital will not yield positive outcomes.

In addition to the five capitals described above, we also came across other forms of capital that also potentially impact human capital development and utilization, such as cultural and political capital. The traditional knowledge and skills, such as for water conservation, seed management and traditional embroidery, are important dimensions of human capital for the local context. In absence of the recognition of such cultural capital, its potential to contribute to human capital development and solve local issues remains underutilized. Second, we also learned that social capital (demonstrated in the form of SEWA trade unions and worker organisations) could help influence political capital and decision making. For instance, SEWA's work with the street vendors, which included over 25 years of evidence-based advocacy, saw the passing of the Street Vendors Act in 2014. This act allowed the street vendors to lawfully ask for space for vending and protected their rights.

In sum, human capital's relationship with and inter-dependency on other forms of capital are important determinants of how human capital is built and utilized.

Implications

Our research has identified three areas presented in this section with implications for human capital measurement, policy and practice for its development.

i) Informal sector, poverty and social security

Our research shows the harsh realities of working in the informal sector and in particular, the structural barriers to women's inclusion. For instance, not having an ID card for accessing government support or not having property papers for accessing loans limits their human capital because they are precluded from participating in economic life. In the absence of adequate social security, they remain in poverty and continue to fight for their basic needs. Even if they do better in one season, or one year, they are exposed to shocks that take them back into poverty. Moreover, there is a strong intergenerational aspect to this. Not having enough income means no or minimum investment in children's education. Work and income security have many implications for poverty and the intergenerational nature of it. Ensuring basic income and social security for adult women can unlock the human capital for higher gains in income and social mobility.

ii) Human Capital Index

The HCI has gained more significance during the Covid-19 pandemic with calls for a human-centered approach to recovery. It is, therefore, important to look at the various dimensions of human capital that HCI measures and fill the existing gaps and limitations therein. Our research has identified two such areas of research and measurement. The first area is with regard to the investments in human capital development post adulthood. Our research shows that investments in human capital – such as through education, skills building (including social and emotional skills), leadership and organising – post adulthood are as important as the prior investments in youth health and education. With the fast-changing world of work, it is important that the index captures, in a dynamic and timely fashion, the accumulations in human capital as people gather more skills, capacities and credentials. With the increased use of data and technology, measurement systems can be developed to track the various skills people gain over time. An example of this is the potential use of the *Aadhar* card (a biometric system that is now being used extensively in the provision of government services in India) for tracking investments in training and education received.

Second is the utilization aspect of human capital. Although HCI recognises the gap in measuring the accumulation and productive use of human capital, the measures it suggests to fill this gap through the UHCI can still leave out those working in the informal economy. UHCI results (2020) suggest that “although gender gaps in human capital in childhood and adolescence have closed in the last two decades (especially for education), major challenges remain to translate these gains into opportunities for women.”²⁷ Our research provides some insights on the holistic

²⁷ <https://openknowledge.worldbank.org/handle/10986/34432> (page10)

approaches needed to allow women access such opportunities. Indicators and tools for measuring the various structural barriers that women face as well as connections to other forms of capital such as social, financial, natural, physical and cultural are important and often inseparable from human capital. Much greater depth in measurement is required to understand such connections and to design policies and programs to support vehicles, such as community-based institutions like SEWA, that support accessing different forms of capital and address structural barriers and challenges.

SEWA has long been measuring changes in women's lives using 11 questions. These questions measure progress on employment, income, assets, nutrition, health, housing, childcare, organized strength, leadership, self-reliance, and education. While health and education are common indicators with HCI, the other nine indicators measure other aspects of women's empowerment and wellbeing. More research and investments in innovative measurements such as SEWA's should be explored, including how they can be used to make universal indices like HCI more comprehensive, inclusive and contextual.

iii) Investments in life-long learning and institution building

After 48 years and a membership of 1.9 million informal women workers, one important lesson from the SEWA story is that it takes time to build human capital. It is not a short-term fix. Capacity building via standalone training/educational initiatives, while important, do not address the diversity of challenges that the informal sector workers face. Lifelong learning is more important and therefore must consider the social circumstances and living realities of the adult demographic of women workers.

Finally, we highlight SEWA's focus on women and building institutions that they now own and govern. The role of community-led, member-based organisations such as SEWA must be considered in human capital accumulation, and SEWA's experience calls for greater investments in such organisations.

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