ADVANCED FOREIGN EXPERIENCE IN REDUCING WOMEN'S INFORMAL EMPLOYMENT

Usmonova Rohila Mardonkulovna,
Researcher, Family and Gender
Research Institute(Uzbekistan)

Abstract. Women are disproportionately represented in informal employment due to structural constraints such as unequal care burdens, limited access to stable jobs, weak social protection, and restricted mobility and time availability. This article reviews two advanced policy models that have demonstrated practical pathways for reducing women's informality: Germany's short-hours "mini-job" system, which simplifies formalization for low-income work, and South Korea's "smart labor centers," which combine digital infrastructure with childcare and hybrid work design. Using a comparative institutional approach, the article explains how each model addresses key drivers of informality—flexibility–security trade-offs, employer compliance costs, and care–work reconciliation—and derives policy lessons relevant for contexts where informality is sustained by household strategies and limited institutional support.

Keywords: informal employment, women, formalization, mini-jobs, smart labor centers, care infrastructure, labor institutions

Introduction. This section frames women's informal employment as a product of social structure and institutional design rather than an individual choice alone. In many economies, women's employment trajectories are shaped by the gendered division of labor inside households, unequal access to childcare services, and labor-market segmentation that channels women into low-paid, flexible, and weakly protected work. Informality often becomes a "coping strategy" that allows women to combine income generation with caregiving responsibilities, yet it usually excludes them from contracts, social insurance, and legal protections.

This section highlights that effective reduction of women's informality typically requires an integrated policy mix. Successful reforms tend to lower barriers to formal entry for both workers and employers, provide flexible legal work arrangements, and expand care-related infrastructure so that paid work becomes feasible across different life stages.

Literature Review: This section applies an institutional and sociological perspective to explain women's persistent concentration in informal employment as an outcome of structured constraints rather than solely individual preference. From this viewpoint, informality is not a marginal phenomenon but a patterned form of labor-market participation that emerges when social roles, household organization, and institutional rules do not align. Women's entry into and continuity within informal work therefore reflects how opportunity structures are shaped by gendered care responsibilities, unequal access to resources, and the segmentation of labor markets into protected and unprotected zones.

This section conceptualizes women's informality through the interaction of three levels. At the micro level, women's labor supply is mediated by time

availability, care burdens, and life-course transitions (pregnancy, childbirth, childrearing, eldercare). Even when women have the motivation and skills to engage in paid work, informality becomes more likely when formal employment requires fixed schedules, long commutes, or inflexible workplace rules. At the meso level, households, kin networks, and community norms affect what types of work are socially acceptable, where women can work, and how income is negotiated within family economies. Household strategies often prioritize risk minimization and flexibility, which can favor informal arrangements that provide immediate earnings and adaptable hours. At the macro level, labor regulations, social insurance design, tax systems, and the enforcement environment structure the costs and benefits of formalization for both employers and workers. Where registration is complex, compliance costs are high, and enforcement is inconsistent, informality becomes the "default" equilibrium for micro-enterprises and household businesses.

This section also draws on labor-market segmentation theory to clarify why informality is durable. Formal labor markets typically offer contractual stability, benefits, and social insurance, but access is often rationed through education credentials, firm size, and sectoral location. Women—especially those with interrupted careers, limited work history, or intensive caregiving responsibilities—may be systematically channeled into the secondary segment characterized by temporary tasks, casual arrangements, and family-based work. In such segments, employment relations may be governed more by social trust, kinship, and short-term reciprocity than by contracts, thereby reproducing informality as a social institution.

This section explains that informality is sustained when three mechanisms reinforce each other. First, rigidity of formal jobs relative to care obligations creates a mismatch between institutional time regimes and women's everyday realities. When formal work demands full-time availability, fixed shift schedules, or inflexible leave, women face a "time poverty" constraint and may choose informal options that allow combining paid work with unpaid care. Second, high compliance costs for micro-employers and household businesses reduce incentives to register workers. Small firms and family enterprises often operate with limited administrative capacity; complex payroll systems, reporting requirements, and contribution rules raise the transaction costs of formal hiring. Third, uneven enforcement and weak incentives produce an institutional environment where non-compliance is not sufficiently costly and formalization does not deliver immediate, visible benefits. If workers do not expect reliable access to social protection or if employers perceive formalization as risky, costly, or bureaucratic, informal work persists as a rational institutional adaptation.

This section emphasizes that women's informal employment is frequently a "flexibility–security trade-off." Flexibility is valuable because it supports care-work reconciliation, but flexibility without institutional protection translates into insecure earnings, limited bargaining power, and exclusion from social insurance. Therefore, effective policy responses are those that transform the trade-off by

embedding flexibility inside regulated and protected forms of employment. In this framework, policies that reduce informality are expected to succeed when they simultaneously:

Create legal "flexible-but-protected" work formats. This includes part-time regimes, mini-jobs, regulated domestic work, seasonal contracts, and hybrid/remote work arrangements that legally recognize non-standard employment while guaranteeing minimum rights. Such formats lower the entry threshold into formality for women and allow gradual transitions across life stages rather than forcing an "all-or-nothing" move into full-time standard jobs.

Simplify taxation and social insurance administration. Formalization becomes more likely when registration is easy, contributions are predictable, and reporting procedures are standardized. Flat-rate contributions, simplified digital registration, and integrated one-stop systems reduce transaction costs for micro-employers and encourage contract-based hiring. For workers, clarity about entitlements—pension accumulation, health insurance coverage, maternity benefits—raises the perceived value of formal status.

Support care-work reconciliation through services and infrastructure. Because care constraints are a central structural driver of women's informality, investments in childcare availability, affordable early education, safe transport, and local service infrastructure have direct labor-market effects. When care services are accessible and work locations are compatible with caregiving, women can sustain continuous employment trajectories and transition into more protected jobs. Importantly, such supports also reduce the need for households to rely on informal "patchwork" income strategies.

This section proposes that the most effective reforms operate as integrated institutional packages rather than isolated interventions. Legal flexibility without social protection can merely re-label informality, while enforcement without feasible formal alternatives can push women out of the labor market altogether. By contrast, combining flexible legal formats, simplified compliance, and care infrastructure builds a credible pathway into formal employment that aligns institutional design with women's lived realities and the structural conditions of household economies.

Case 1. Germany: Short-Hours Work ("Mini-Job") as a Legal Bridge from Informality to Formality

This section shows how Germany operationalizes formalization through a simplified short-hours employment regime. The mini-job model legalizes low-income, part-time work by setting clear thresholds, standardizing contracts, and lowering administrative complexity. For women, this matters because short-hours jobs often match life-course constraints (young children, eldercare responsibilities, or intermittent availability).

Table 1. Germany's short-hours work mechanism and its formalization effect

System element	Practice in Germany	Effect on formalizing informal work
Working time	Short-hours work up to	Expands feasibility of

	20 hours/week	employment for women through compatibility with childcare and home responsibilities
Monthly earnings ceiling	In 2024, eligible income up to **€538**	Creates a legal channel to formalize low-income informal jobs
Taxes and social payments	Employer pays a **30% flat rate** (15% pension, 13% health, 2% tax)	Reduces employer administrative burden and provides incentives to register workers
Worker tax incentive	Wages exempt from income tax	Increases worker acceptance of formal contracts
Written contract	Mandatory written employment contract	Converts informal arrangements into legally protected employment
Social insurance	Mandatory participation in pension and health insurance	Strengthens social guarantees and employment stability
Women's participation	Mini-job workers: **7.4 million** (2024), **62% women**	Demonstrates strong female uptake through accessible formal channels
Economic/social outcome	Large share of informal workers move into the formal sector	Supports gender equality and social stability through formal coverage

This section interprets Germany's model as a "low-threshold formalization bridge." Instead of requiring immediate transition into standard full-time contracts, mini-jobs offer a regulated entry point that preserves flexibility while adding legal status and social insurance. Sociologically, the mechanism addresses the household-level need for time flexibility without sacrificing institutional protection.

Case 2. South Korea: Smart Labor Centers as Infrastructure for Formal Remote and Hybrid Work

This section explains South Korea's approach as a service-and-infrastructure model that targets women's barriers to formal work. Smart labor centers institutionalize remote and hybrid employment by providing digital tools, standardized contracting, and integrated childcare services—reducing the practical constraints that often push women into informal work.

Table 2. South Korea's smart labor centers and their impact on women's informality

System element	Practice in South Korea	Effect on reducing women's informal employment
Establishment and scale	Started as a pilot in **2010**; by **2023** more than **130 centers**	Expanded into a national institutional system
Technological infrastructure	High-speed internet, videoconferencing, electronic document systems	Enables formal remote work and digital participation
Work formats for women	Reduced-hours and hybrid (offline–online) work integrated with childcare	Helps align paid work with family obligations
Childcare integration	Childcare rooms in each center; childcare services while working	Supports continuity of employment for mothers
Legal and social guarantees	Mandatory labor contracts and social insurance for remote workers	Integrates remote work into formal labor relations
Public–private partnership	Jobs created via state–employer cooperation; some centers privately managed	Reduces public costs and scales a hybrid labor-market model
Women's participation	Around **70%** of center workers are women	Women's labor-market activity increases; informality declines
Social/economic results	Expanded jobs, childcare, and remote-work options	Strengthens work–family balance, protection, and stable formal employment

This section interprets the Korean model as "institutionalizing flexibility." Instead of treating remote work as informal or ad-hoc, the system builds a physical and administrative platform that makes formal employment compatible with caregiving—especially important in societies where women face strong care expectations.

This section compares the two models as complementary strategies that intervene at different bottlenecks of women's informal employment. Germany primarily relies on regulatory simplification by creating a low-threshold legal category for flexible, low-income work and by standardizing taxation and contribution rules in a way that reduces compliance costs for micro-employers. South Korea, in contrast, emphasizes infrastructure and service integration by institutionalizing hybrid and remote work through technology-enabled centers, childcare facilities, and formal contracting procedures. Although the policy instruments differ, both approaches target the same structural reality: women's

demand for flexible work is shaped by care responsibilities and life-course constraints, and when formal systems cannot accommodate this flexibility, informal work becomes the most accessible option.

This section highlights that each model formalizes a different dimension of flexibility. Germany's framework mainly legalizes flexibility through hours and earnings thresholds, making it easier to register short-hours employment that would otherwise remain informal. South Korea's framework formalizes flexibility through work organization and location, reducing the practical barriers that often push women into informal activities—especially mobility constraints, limited local job access, and lack of childcare support. As a result, Germany is particularly effective in converting existing small-scale, low-paid work into registered employment, while South Korea expands women's feasible pathways into stable formal jobs by reshaping the environment in which work is performed.

This section argues that the key common denominator is the "flexibility with protection" design. In both cases, women gain access to work arrangements compatible with time scarcity while still receiving contract-based recognition and links to social protection systems. At the same time, employers and the state are provided manageable mechanisms to ensure compliance—either through simplified administrative rules (Germany) or through system-supported formalization via standardized infrastructure (South Korea). Taken together, the comparison shows that informality declines most effectively when flexibility is treated as a legitimate employment need and embedded within enforceable protections rather than left to informal, unregulated arrangements.

Policy Lessons for Reducing Women's Informality in Other Contexts

This section draws transferable lessons that can inform national strategies where women's informality is sustained by household-care responsibilities and the dominance of micro-enterprises:

1. **Create legal flexible categories with clear rules** (hours, earnings thresholds, simplified registration).

2. **Reduce compliance complexity for micro-employers** through flat-rate payments or standardized procedures.

3. **Make written contracts the default**, even for short-hours or remote work.

4. **Link flexibility to social protection**, ensuring pension/health coverage in simplified formats.

5. **Expand childcare access and integrate services into employment infrastructure**, especially in urban labor markets and industrial/service zones.

6. **Use public–private partnerships** to scale models at lower fiscal cost while maintaining regulation and worker protection.

Conclusion. This section concludes that advanced foreign experience demonstrates a clear sociological insight: women's informality declines when institutions are redesigned to match women's real-life constraints while preserving legal protection. Germany's mini-job system shows how simplified short-hours regulation can legally absorb informal low-income work. South Korea's smart labor centers show how infrastructure and childcare integration can formalize remote and hybrid work pathways. Together, these models illustrate that reducing women's informal employment requires not only enforcement, but institutional innovation that connects labor policy, social protection, and care services into a coherent mechanism.

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