Informal Employment
Quality of Employment Framework - Experimental Indicator (4a.x2)

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A. INFORMAL EMPLOYMENT – Global measurement

- Global goal to measure informal employment at the national level and across all countries:
  
  - SDG 8.3.1 = Proportion of informal employment in total non-agricultural employment, by sex. Applies to developed countries. MDGs only included developing countries.
  
  - ILO 2018 *Women and Men in the Informal Economy: a Statistical Picture* - harmonized estimates
  
  - Measuring Informal Employment has not been a high priority in developed countries – Yet ILO 2018 demonstrates feasibility and importance of doing so
Why foster measurement

• Applies beyond developing countries
• Value: having a measure that spans all types of economies.
• Captures two important features of employment: national and cross-national levels
  – broad indicator of how an array of employment arrangements are treated under main regulations on social protection and labor standards
  – conveys extent to which there is a divide between types of employment
• Informal employment measure *complements rather than substitutes* for existing statistics

• Has received lower priority: Seen as less relevant. As possible duplication - Track Non-standard Forms of Employment (NSFEs) e.g. fixed-term work; temporary agency work
Why foster measurement (cont’d)

Existing statistics on non-standard forms of employment are insufficient for capturing the whole of informal employment:
1) Do not overlap fully with Informal Employment criteria
2) Current statistics do not cover all NSFEs: emerging forms of employment (e.g. new kinds of on-call work; newest = Uber for staffing)
3) De facto informal employment due to labor standards violations not easily tracked

→ Not all forms of employment that could meet the Informal Employment definition are currently kept track of with sub-categories of employees and self-employed & Not all are analyzed for their overlap with IE
B. Definition of Informal Employment and operationalization
B. The concept of informal economy

ILC Recommendation 204:

2. For the purposes of this Recommendation, the term “informal economy”:
   (a) refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements; and
   (b) does not cover illicit activities
B. The informal economy: what is it about? | In words

- **Employees** are considered to have **informal jobs** if their employment relationship is, **in law or in practice**, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits.

- **Independent workers** (Employers & own-account workers) the formal/informal nature of job depends on characteristics of the enterprise: have informal jobs if their enterprises are part of the **informal sector**:
  - i.e. non-incorporated private enterprises producing at least partially for the market but without a formal bookkeeping system or not registered to national relevant authorities

- **Contributing family workers:** All have informal jobs regardless of whether the enterprise is formal or informal

- **Operational criteria**
  - Contribution to social security
  - Benefit from annual paid leave and paid sick leave.
  - Institutional sector (private, public & incorporated, households)
  - Final destination of production
  - Registration of the unit
  - Formal accounts
C. Findings | informal employment

A global picture and the situation in developed countries

For *Employees*:  
- Access to *employment-based social security*, meaning employment-based retirement/pension coverage
- Where data not available, missing *either paid annual leave or paid sick leave*

For *those classified as Self-employed*: → enterprise characteristics
- Production least partly for the *market*
- Does not keep accounts
- *Or* is not registered at the national level
C. Informal employment: What are we talking about?

2 billion people — more than 60 per cent of the world’s employed population are in informal employment

Share of informal employment in total employment (including & excluding agriculture, 2016)

- **Developing**
  - Including agriculture: 73.3%
  - Excluding agriculture: 89.8%

- **Emerging**
  - Including agriculture: 67.4%

- **Developed**
  - Including agriculture: 18.3%
  - Excluding agriculture: 17.1%

- **World**
  - Including agriculture: 61.2%
  - Excluding agriculture: 50.5%

*Source:* ILO calculations based on household survey micro datasets: *Women and in the informal economy: a statistical picture*

*Note:* based on 119 countries representing more than 90 per cent of the world’s working population. Missing values are estimated based on sub-regional/ income groups averages.
C. Regional disparities
Share of informal employment in total employment

Europe & Central Asia
Europe & Central Asia (emerging)
Europe & Central Asia (high income)
Northern, Southern & Western Europe
Eastern Europe
Central and Western Asia
Asia & Pacific (developing/emerging)
Asia & Pacific (developed)
Eastern Asia
South-Eastern Asia & the Pacific
Southern Asia

Source: ILO calculations based on household survey micro datasets (Women and in the informal economy: a statistical picture)
C. Informality and status in employment (1)

Independent workers without employees are more exposed to informality ... but employees are far from being exempted

Share of informal employment & composition by employment status and main income groups of countries (%, 2016)

Note: OAW = Own-account workers (independent worker without employee)
C. Informality and status in employment (2)

The self-employed make up the majority of those in informal employment... at least in the developing world.

### Distribution of informal and formal employment by employment status (%)

<table>
<thead>
<tr>
<th>Region</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>76.3</td>
<td>23.7</td>
</tr>
<tr>
<td>Developing</td>
<td>68.9</td>
<td>31.1</td>
</tr>
<tr>
<td>Emerging</td>
<td>76.3</td>
<td>23.7</td>
</tr>
<tr>
<td>Developed</td>
<td>51.3</td>
<td>48.7</td>
</tr>
</tbody>
</table>

- Employees: 39.0%
- Own-account workers: 45.0%
- Contributing family workers: 16.0%

Examples from selected UNECE countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Formal</th>
<th>Informal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>94.8</td>
<td>5.2</td>
</tr>
<tr>
<td>Spain</td>
<td>93.6</td>
<td>6.4</td>
</tr>
<tr>
<td>Sweden</td>
<td>90.3</td>
<td>9.7</td>
</tr>
<tr>
<td>Serbia</td>
<td>81.7</td>
<td>13.2</td>
</tr>
</tbody>
</table>

### Source

ILO calculations based on household survey micro datasets: *Women and in the informal economy: a statistical picture*
C. The gender dimension of informality
Men are more exposed to informality than women, notably in developed countries

<table>
<thead>
<tr>
<th></th>
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<th>Developed</th>
<th>Emerging</th>
<th>Developing</th>
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<tbody>
<tr>
<td>Including agriculture</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Men</td>
<td>63.0</td>
<td>18.9</td>
<td>69.1</td>
<td>87.5</td>
</tr>
<tr>
<td>Women</td>
<td>58.1</td>
<td>17.6</td>
<td>64.2</td>
<td>92.1</td>
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<tr>
<td>Women</td>
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<td>16.6</td>
<td>54.8</td>
<td>77.9</td>
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<table>
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<th>Country examples (UNECE)</th>
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<th>Serbia*</th>
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<tr>
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<td>8,4</td>
<td>21,3</td>
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Source: ILO calculations based on household survey micro datasets: Women and in the informal economy: a statistical picture.
C. The sectoral dimension of informality

Share of informal employment as a proportion of total employment by sector (2016)

Source: ILO, 2018. Women and in the informal economy: a statistical picture
C. Education and informality

The level of education of workers is not a guarantee but an important asset to access formal employment ... with exceptions in developed countries

- Half of all those in informal employment have either no or primary level of education
- 7% have a tertiary level

- In developed countries secondary & tertiary education is the norm and up to 44% of those in informal employment have a tertiary level

Source: ILO calculations based on household survey micro datasets (Women and in the informal economy: a statistical picture)
THANK YOU
