

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

Informal economic units

Workers in the informal economy

in law or in practice – not covered or insufficiently covered by formal arrangements



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.



C. Findings | **informal employment**

A global picture and the situation in developed countries



Harmonized estimates from *ILO Women and Men in the Informal Economy: A Statistical Picture (2018)*

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?

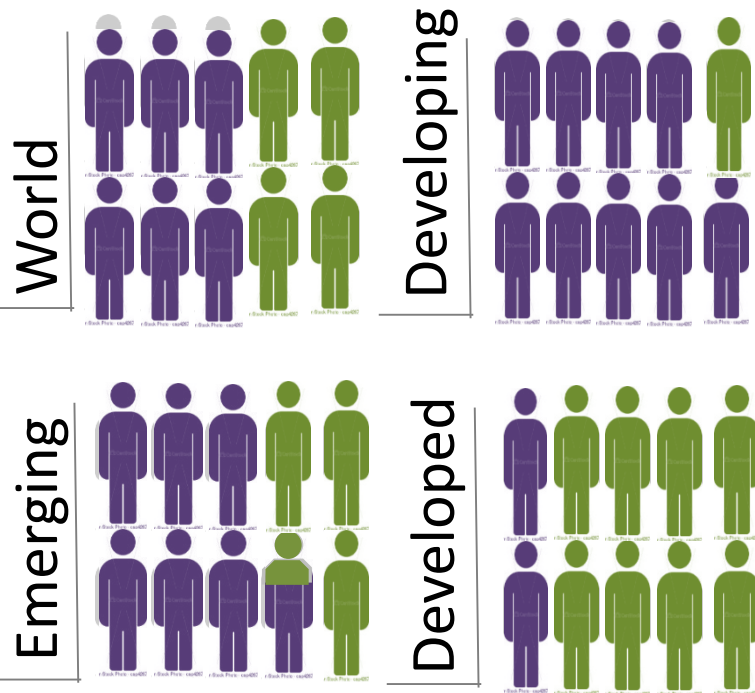
2 billion people — more than 60 per cent of the world's employed population are in informal employment



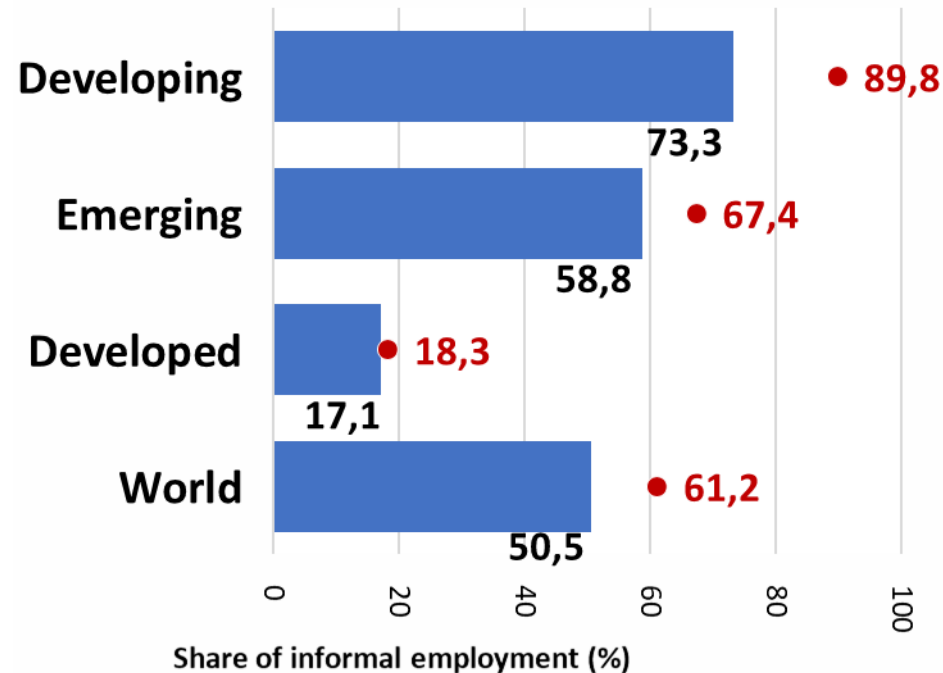
Informal employment



Formal employment



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



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.

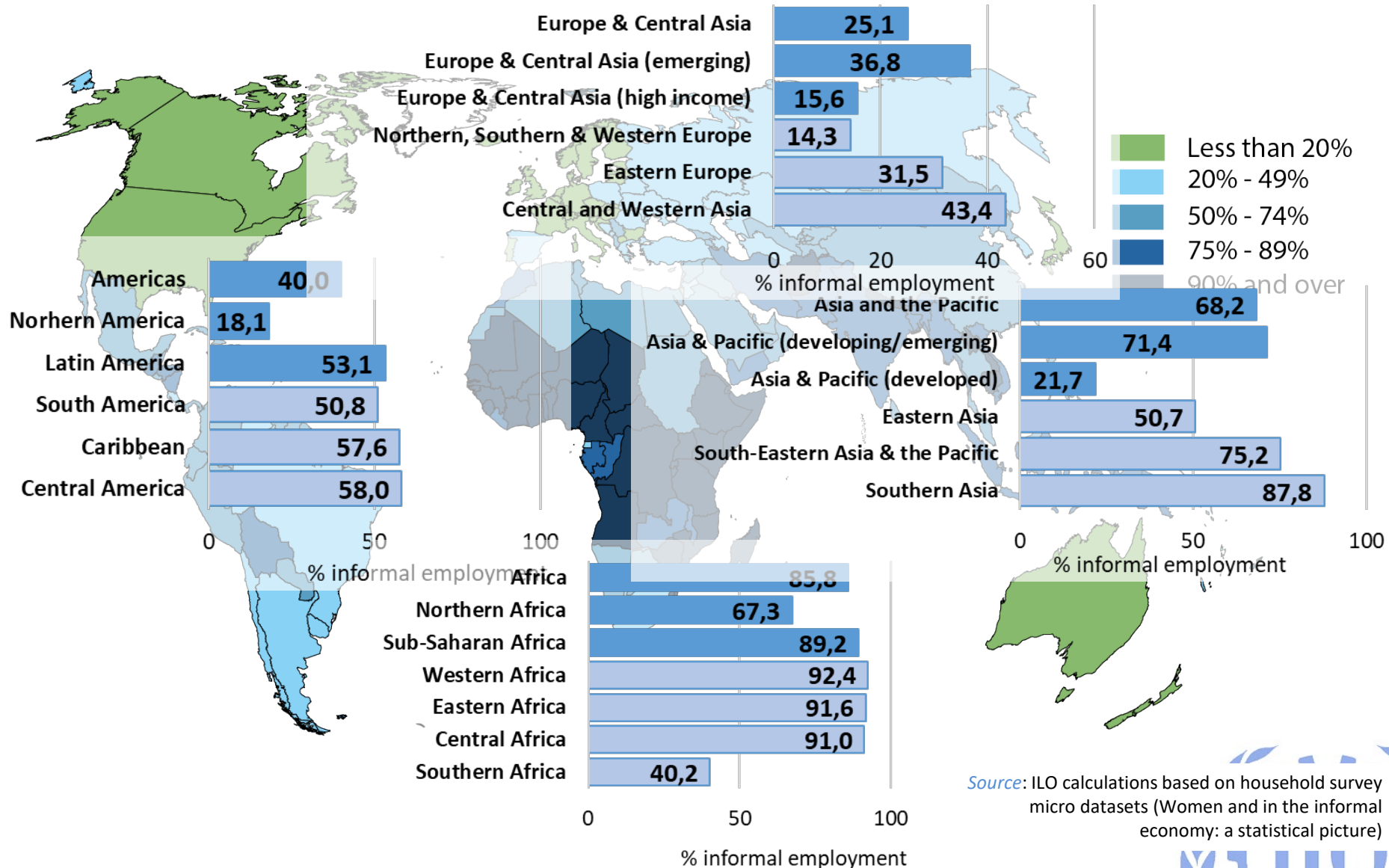
■ Excluding agriculture

● Including agriculture (%)



C. Regional disparities

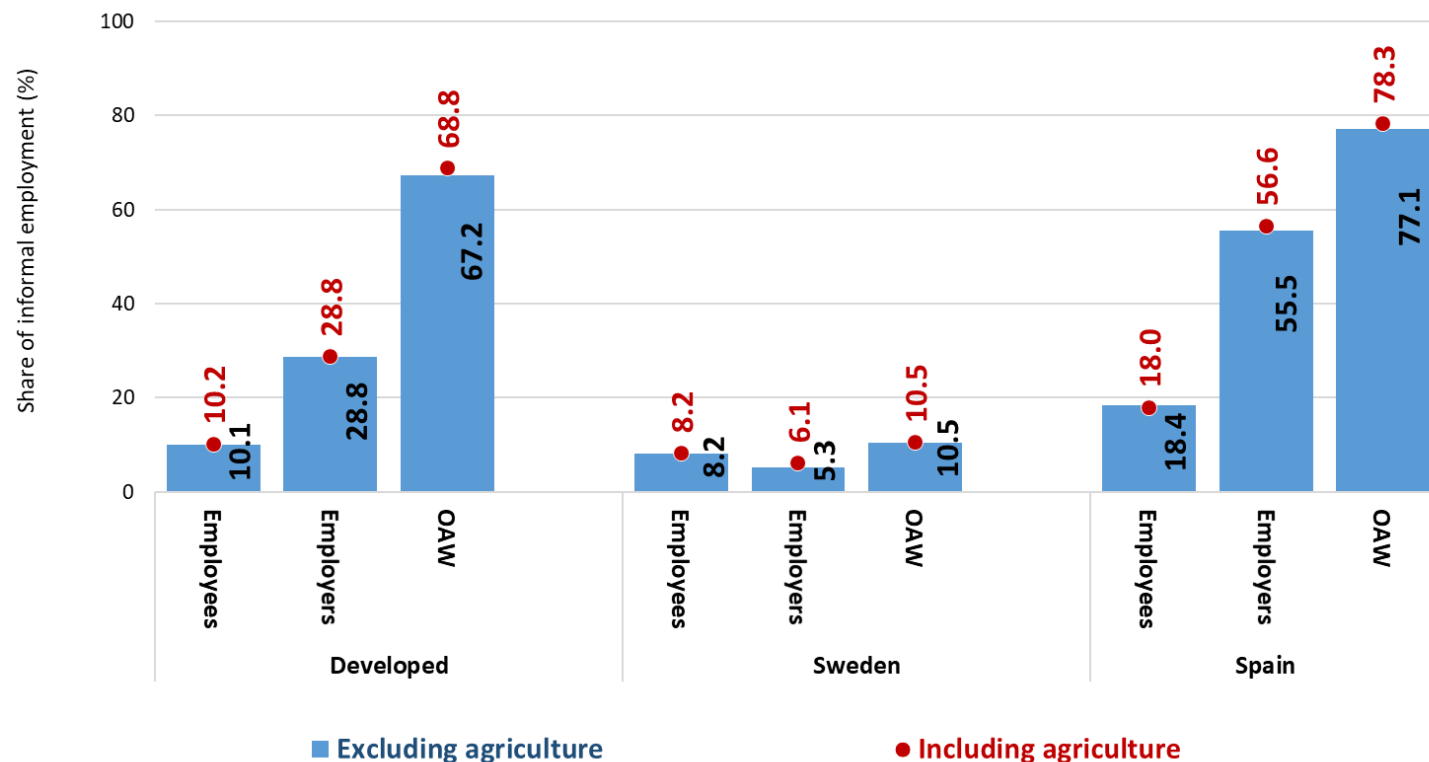
Share of informal employment in total employment



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)



Source: ILO; 2018

Women and in the informal economy: a statistical picture

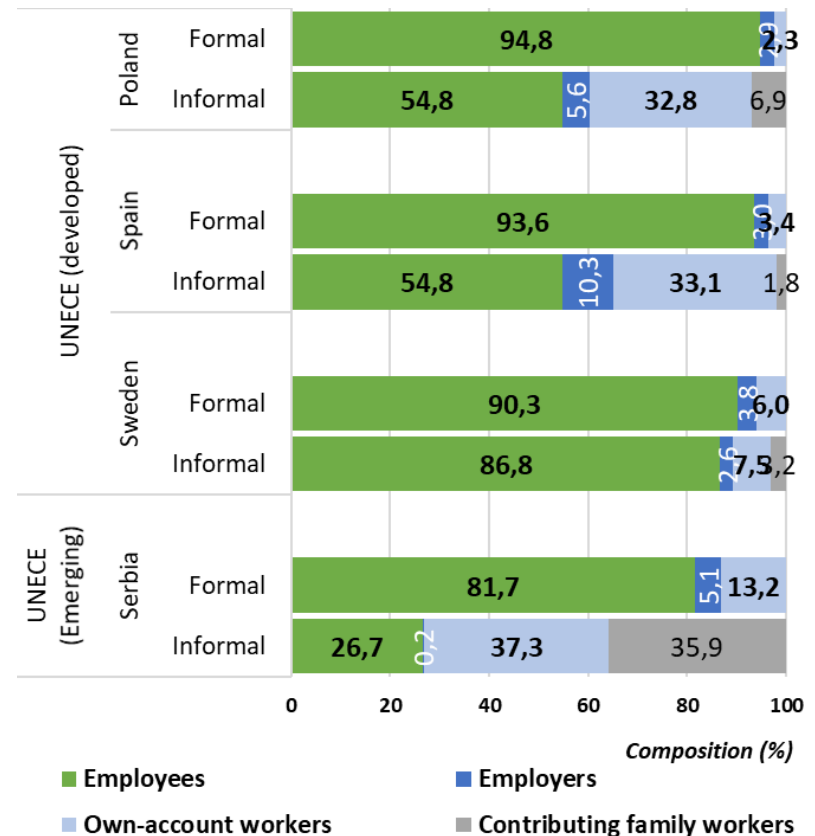
C. Informality and status in employment (2)

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 (% , 2



Examples from selected UNECE countries



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

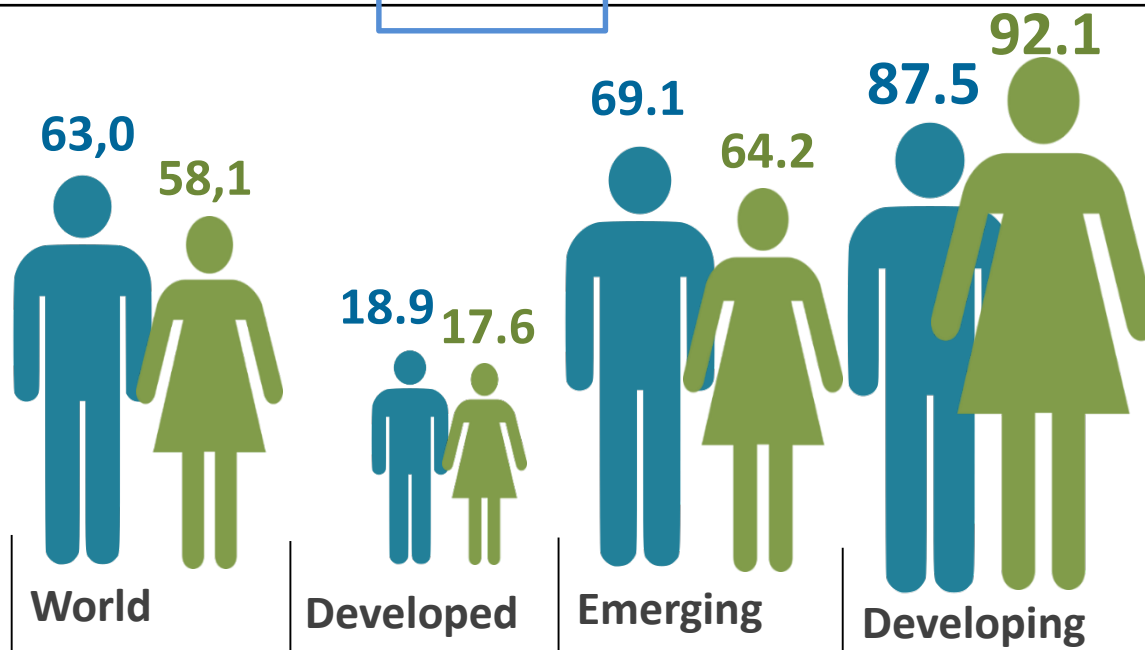


C. The gender dimension of informality

Men are more exposed to informality than women, notably in developed countries

Share of informal employment in total employment by sex (% , 2016)

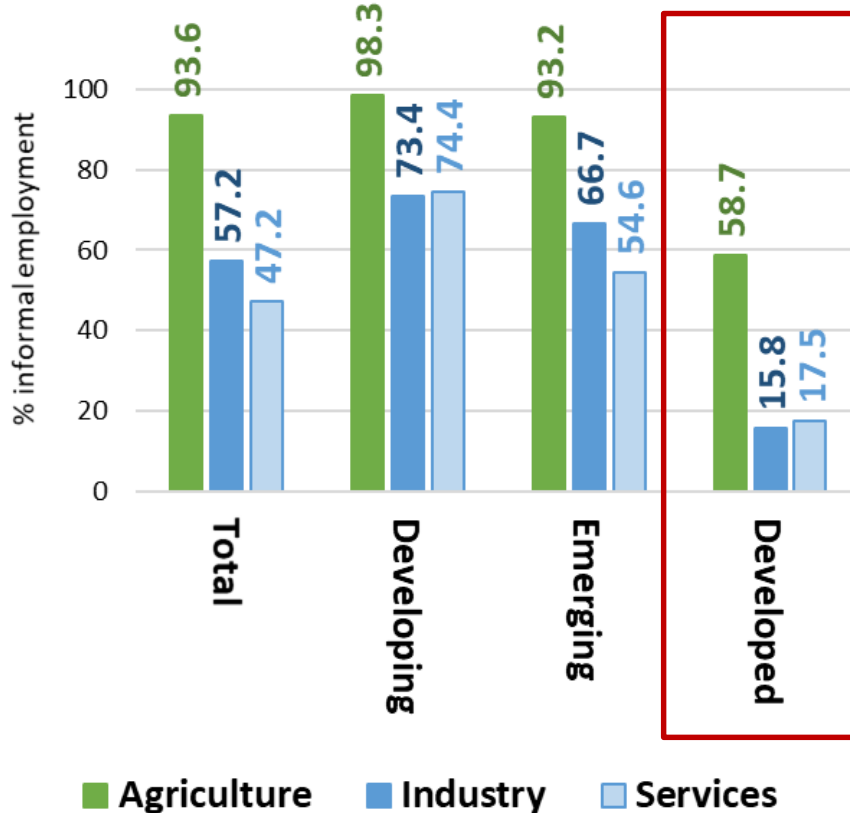
	World	Developed	Emerging	Developing	Country examples (UNECE)		
					Spain	Sweden	Serbia*
<i>Including agriculture</i>							
Men	63.0	18.9	69,1	87,5	26,2	8,4	21,3
Women	58.1	17.6	64,2	92,1	28,7	7,9	23,0
<i>Excluding agriculture</i>							
Men	53.1	17.7	60,9	70,0	25,5	8,6	17,0
Women	46.4	16.6	54,8	77,9	28,4	7,9	13,3



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

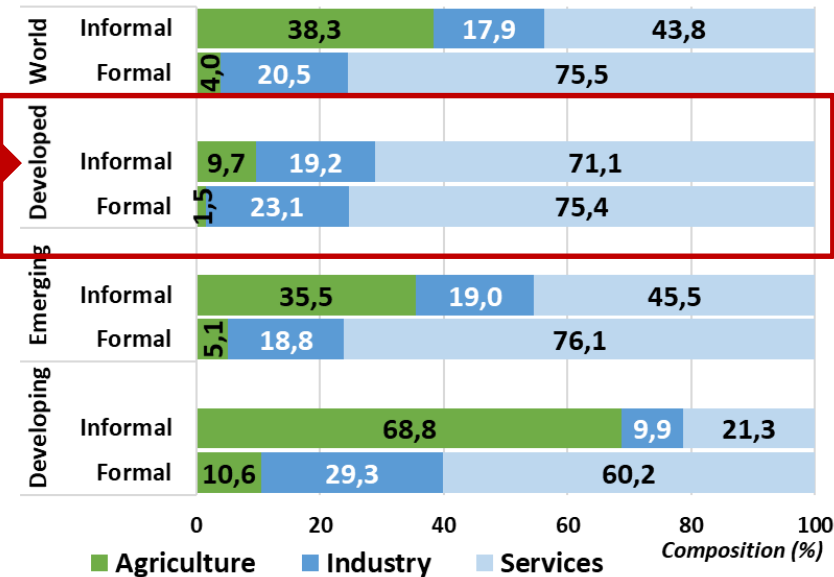
C. The sectoral dimension of informality

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

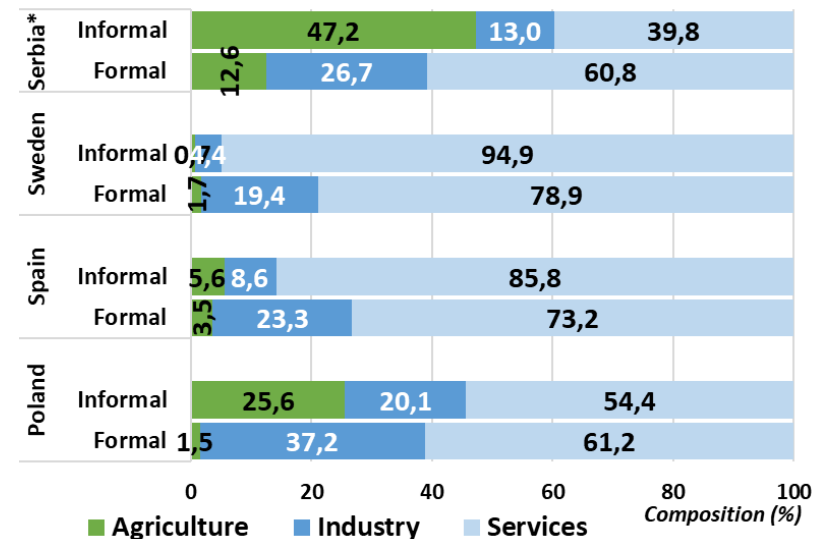


Developed

Distribution of informal & formal employment by broad sector (2016)



Selected UNECE countries



C. Education and informality

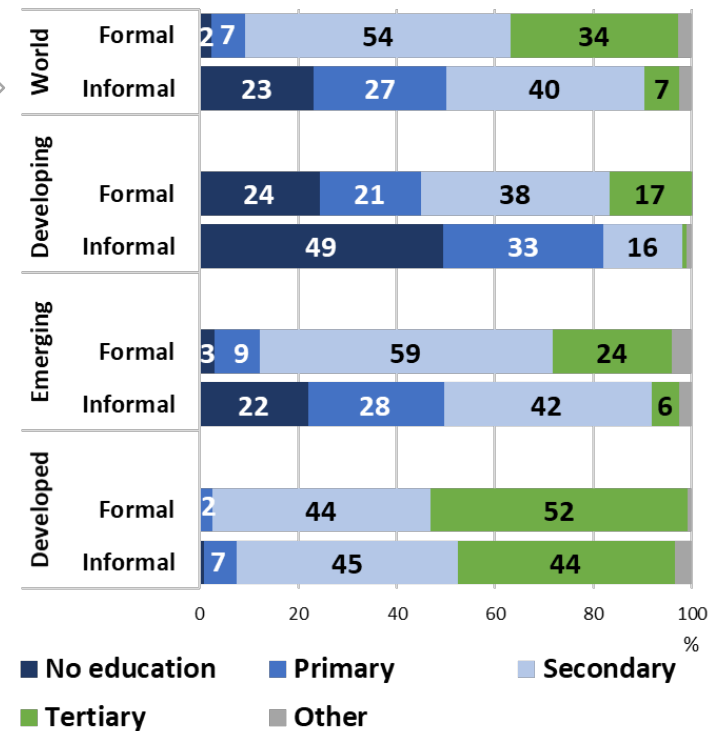
The level of education of workers is not a guarantee but an important asset to access formal employment ... with exceptions in developed countries

✗ 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**

Distribution of informal and formal employment by level of education (%)



THANK YOU

ILO, 2018. Women and Men in the Informal Economy: A Statistical Picture

ILO and WIEGO, 2019. Women and Men in the Informal Economy: A Statistical Brief

