Engendering Statistics:
Informal Employment

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Main Contents

- Why measure ‘informal employment’?
- Defining informal employment: from concept to statistical definition
- Operationalising: leading to measurement
- Measuring: data collection
- Analysing with a gender perspective
Part 1

Why estimate informal employment?

Reference:
Maria S Floro, Ph D

From: PPT on Informalisation of Employment, APGEM First Regional Intensive Training Course
Why measure informality?

- To understand and manage issues on informal employment and the informal sector, they should be measured well.
- Need for reorientation towards worker-centered economic policies which is only possible with intensive analysis of informal sector and those engaged in informal employment.
- Raise visibility of the informal sector and informal workers.
- “Engendering” – how does this relate to trade?
Determinants of Labour Market Trends

1. Macroeconomic policies in the era of market liberalisation (since the 1980s)
   - Decrease in fiscal expenditures $\rightarrow$ decline in public employment
   - Increase in privatisation $\rightarrow$ with $\pm$ effects on employment
   - Increase in market deregulation $\rightarrow$ changes in job quality and working conditions

2. Growth of informal employment and the informal sector
Determinants of Labour Market Trends

2. Changes in the organisation of production

- Technological change
- Cost saving and “lean manufacturing”
- Employment shifts
- Downsizing
- Outsourcing/subcontracting
- Mergers and acquisitions
Impact of Macroeconomic Policy:

(1) Labour Flexibility

- Labour adapting rapidly
- Great labour market flexibility
- Avoidance of attachment of firms to labour
- Ability for firms to adjust wages at ease
Impact of Macroeconomic Policies:

(2) Change in employment contracts

- “Old” contract
  - Internal labour markets
  - Stable working conditions
  - Unionised labour
  - Labour loyalty to firm
  - Fringe benefits, etc
Impact of Macroeconomic Policies:

(2) Change in employment contracts

- “New” contract
  - Individualisation of labour contracts
  - Less stable employment
  - Contingent (casual, temporary) work
  - Reduction of benefits
  - Informalisation
  - Economic insecurity
  - Decrease in social protection
Employment Trends in LDCs

- Increase in employment of women in some sectors
  - Export-oriented industries such as textiles and garments; e.g., EPZ → cheap labour strategy
  - Segments of service sector (sales, tourism, entertainment, domestic service)
Women dominate employment in export processing zones

Note: * Data for Haiti is for apparel only.

Source: ILO (2007)
Employment Trends in LDCs

- Increase in international migration
  - Inability of LDCs to create jobs for workforce
  - Economic growth in Middle East
    - Demand for male workers in construction and farms
    - Demand for female workers in domestic service and health care sectors
  - Growing care economy in DCs
    - Demand for women workers in care industry, entertainment and tourism
Employment Trends in LDCs

- ... on the other hand
- Persistence of gender wage gaps and occupational segregation
- Loss of jobs, local businesses and livelihood in import competing sectors (agriculture, food processing, light manufactures, retailing, other services)
- Limited or absence of any trade-related assistance programmes, safety nets and unemployment compensation schemes
Main Features of the Informal Labour Market

- High concentration of women
- Lack of social protection
- Reliance on informal safety nets social networks
- Labour fluidity between paid/unpaid work and between informal/formal labour
Diversity of the “Informal” Sector

- From subcontracted work to self-employed work
- Bi-polar modes
  - Dynamic IS activities—use of capital and skills to raise productivity and earnings; market share and size of firm increases over time; interacts with the “formal” sector
  - Survival strategies—precarious jobs requiring little skills and capita; prone to excessive competition; highly variable income
- Heterogeneity—in occupations, skills and capital requirement, earnings, degree of vulnerability
Part 2

Statistical Definition of
Informal employment
Informal Sector

17th ICLS—Guidelines concerning a statistical
definition of informal employment
Elements of IE Definition

- Jobs by status in employment
- Production unit by type
- Informal jobs of employees
## Conceptual Framework (17th ICLS Guidelines)

<table>
<thead>
<tr>
<th>Production units by type</th>
<th>Jobs by status in employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Own-account workers</td>
</tr>
<tr>
<td></td>
<td>Informal</td>
</tr>
<tr>
<td>Formal sector enterprises</td>
<td></td>
</tr>
<tr>
<td>Informal sector enterprises (a)</td>
<td>3</td>
</tr>
<tr>
<td>Households (b)</td>
<td>9</td>
</tr>
</tbody>
</table>

(a) Informal sector enterprises include both formal and informal enterprises.

(b) Households include both formal and informal sectors.
Jobs by Status in Employment

Status in employment (ICSE-93)

- Self-employment
  - Own-account workers
  - Employers
  - Contributing family workers
  - Members of producers’ cooperatives

- Paid employment
  - Employees
Production Unit by Type

- Formal sector enterprises
  - Corporations
  - Government
  - NPISH
  - Formal HUEMs

- Informal sector enterprises
  - Excluding HHs employing paid domestic services

- Households
  - Non-HUEM units
  - HHs employing paid domestic services
Determining Informality of Jobs

- Contributing family workers (by nature of their employment, have informal jobs)
- Informal nature of jobs determined by characteristics of the enterprise
- Employees with informal jobs
Informal nature of jobs determined by characteristics of the enterprise

- Own-account workers owning informal sector enterprises (Cell 3)
- Employers owning informal sector enterprises (Cell 4)
- Members of informal producers’ cooperatives (Cell 8)
- Persons engaged in own-account production of goods exclusively for own final use by their household (Cell 9)
- Paid domestic services (Cell 10)
Informal Jobs of Employees

*Employment relationship is not subject to—*

- [ ] National labour laws
- [ ] Income taxation
- [ ] Social protection or entitlement to certain employment benefits, such as
  - Advance notice of dismissal
  - Severance pay
  - Paid annual or sick leave
Part 3

Operationalising:
Statistical Definitions
## Production Units in the SNA

### Household Sector

<table>
<thead>
<tr>
<th>Household Unincorporated Enterprise with Market Production (HUEM) Units</th>
<th>Non-HUEM units</th>
<th>Corporations</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td>HH quas-corpor</td>
<td>Incorporated enterprises</td>
</tr>
<tr>
<td>Non-AGRICULTURE</td>
<td></td>
<td>Gov’t quas-corporations</td>
</tr>
<tr>
<td>Formal sector</td>
<td></td>
<td>Non-market units (general gov’t; NPISH)</td>
</tr>
<tr>
<td>Informal sector</td>
<td></td>
<td>Gov’t quasi-corporations</td>
</tr>
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<td>Informal sector</td>
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<td>Non-market units (general gov’t; NPISH)</td>
</tr>
</tbody>
</table>

### Household Unincorporated Enterprises
Identifying Criteria: HUEM Units

- **HUEM1. Legal organization**
  - Unincorporated—production units that are not constituted as separate legal entities independently of their owners

- **HUEM2. Book-keeping practice**
  - Production units that do not keep a complete set of accounts

- **HUEM3. Product destination**
  - At least some of the products are sold in the market
  - Products are intended to be sold/bartered in the market on regular basis
How is this boundary defined?
Informal Own-Account Enterprises

- Operated by own-account workers, either alone, or in partnership with members of same or other households

- Employment size: may employ family workers and occasional employees, but not employees on continuous basis

- Registration: include all or exclude those registered under certain specified national legislation
Enterprises of Informal Employers

- Owned and operated by employers, either alone or in partnership with members of same or other households

- Employment size: employ one or more employees on continuous basis
  - Employees (hired on continuous basis) below a specified number

- Registration:
  - Enterprise is not registered or
  - Employees are not registered
## Operational Criteria- 1: HUEM

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal organization</td>
<td>Unincorporated enterprise</td>
</tr>
<tr>
<td>Type of accountskept</td>
<td>No complete set of accounts</td>
</tr>
<tr>
<td>Productdestination</td>
<td>At least some market output</td>
</tr>
<tr>
<td></td>
<td>(with intent to market a primary objective of production)</td>
</tr>
</tbody>
</table>
### Operational Criteria- 2: Informal

#### Informal own-account enterprises
- Include all or
- Exclude those registered in specific agencies

#### Enterprises of informal employers
- Employment size: Specify a cut-off size
- Non-registration:
  - Of enterprise
  - Of employees
Part 4

Data Collection: Labour Force Surveys and the “1-2” Survey

“1-2” Survey: Overview

Phase 1
Expanded Labor Force Survey

Phase 2
HUEM Screening Module
HUEMs Survey

Households/Individuals → Production Units (HUEMs)
‘1-2’ Survey Data

Phase 1
- Labour Force Survey
- Informal Sector Enterprise Identification
- Informal Employment Classification

Phase 2: HUEM Survey
- Value-Added
- Employment
- Capital formation
- Enterprise characteristics
- Constraints
- Social protection
- Labour policy

- Informal employment
- Employment in the informal sector
- Job satisfaction
Phase 1 Questionnaire- Expanded LFS

Prerequisites: Standard questions to classify--

- persons as employed, unemployed, not in labour force
- jobs of employed persons (main & secondary): status in employment; main activity (ISIC) of enterprise where employed

**HUEM Module**

- Place of work: fixed premises; non-fixed premises
- Legal organization of enterprise
- Type of accounts
- Product destination

*HUEMs of own-account workers & employers will be surveyed in Phase 2*

**Informal Sector Module**

To be preceded by HUEM module questions

- Employment size
- Registration

**Informal Employment Module:** For employees:

- Whether or not employee enjoys specific types of benefits
  - duration of employment
  - written contract
  - pension fund
  - paid leave
  - paid sick leave
  - maternity leave
  - termination without notice
  - compensation for termination
Basic Analysis with Gender Perspective