
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 → decline in public employment
 - Increase in privatisation → with ± effects on employment
 - Increase in market deregulation → changes in job quality and working conditions
- ➔ 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:

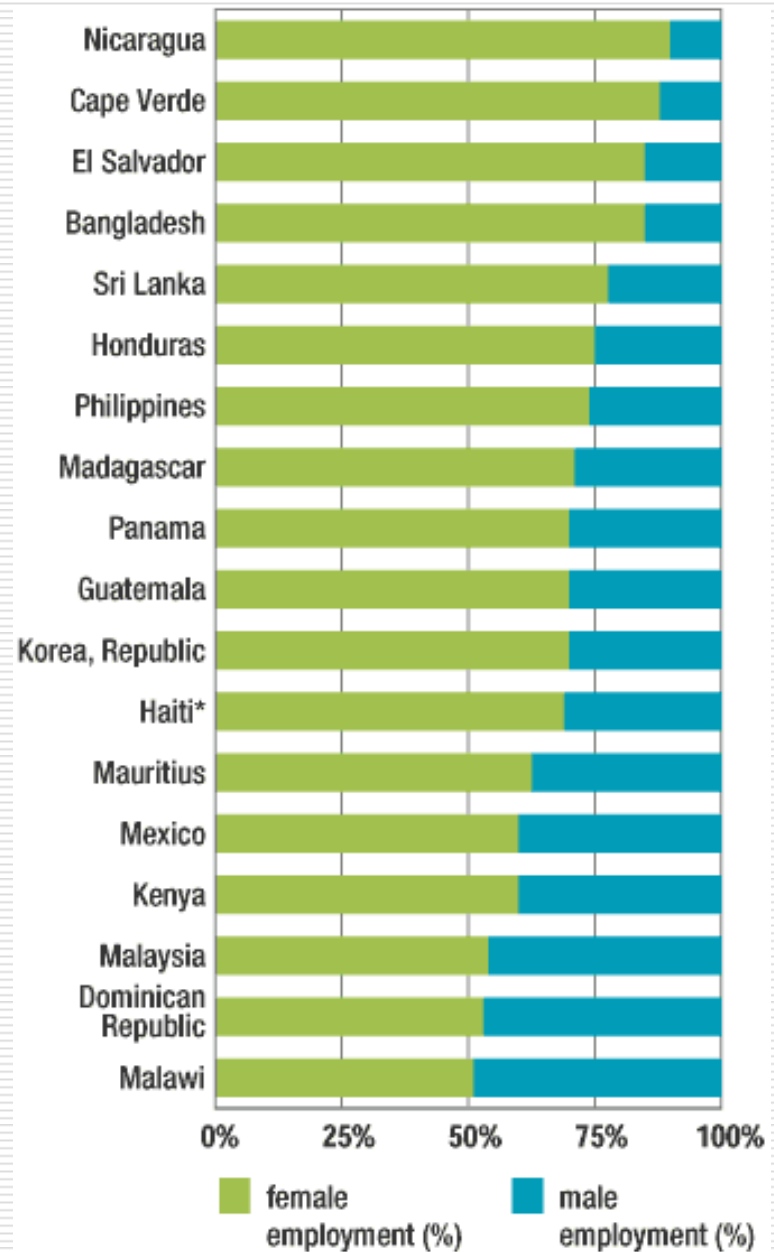
(2) Change in employment contracts

- “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*)

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

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

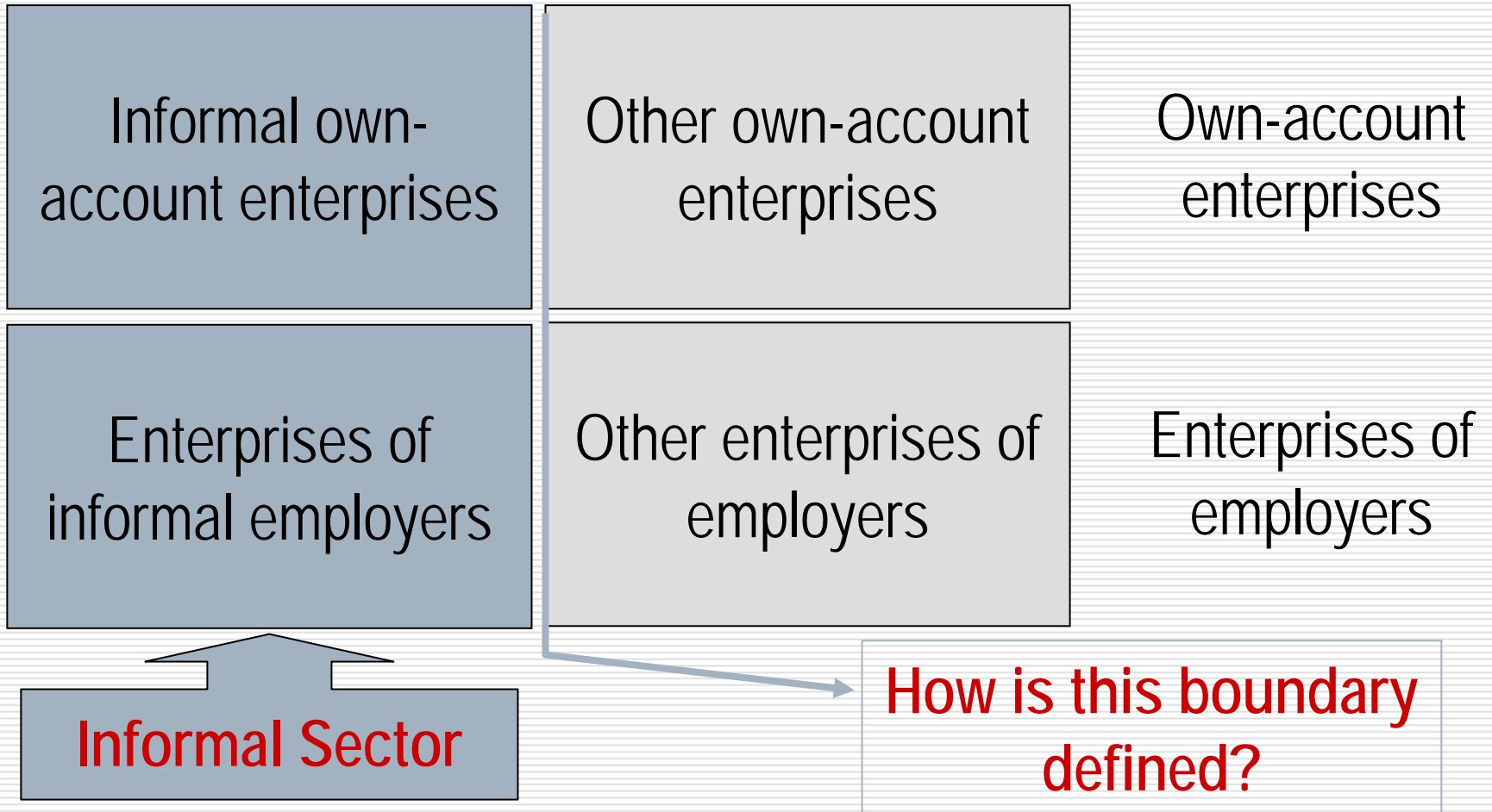
Production Units in the SNA

Household Sector				Corporations	Gov't & NPISH
Household Unincorporated Enterprise with Market Production (HUEM) Units				Non-HUEM units	<ul style="list-style-type: none"> • HH quasi-corps • Incorporated enterprises • Gov't quasi-corporations • Non-market units (general gov't; NPISH)
AGRICULTURE		Non-AGRICULTURE		<ul style="list-style-type: none"> • Households producing only for own final use • Subsistence farmers • Others 	
Formal sector	Informal sector	Formal sector	Informal sector		
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

HUEM Units



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

<input type="checkbox"/> Ownership	Household
<input type="checkbox"/> Legal organization	Unincorporated enterprise
<input type="checkbox"/> Type of accounts kept	No complete set of accounts
<input type="checkbox"/> Product destination	At least some market output (with <u>intent</u> to market a primary objective of production)

Operational Criteria- 2: Informal

Informal own-account enterprises

- Include all *or*
- Exclude those registered in specific agencies

Enterprises of informal employers

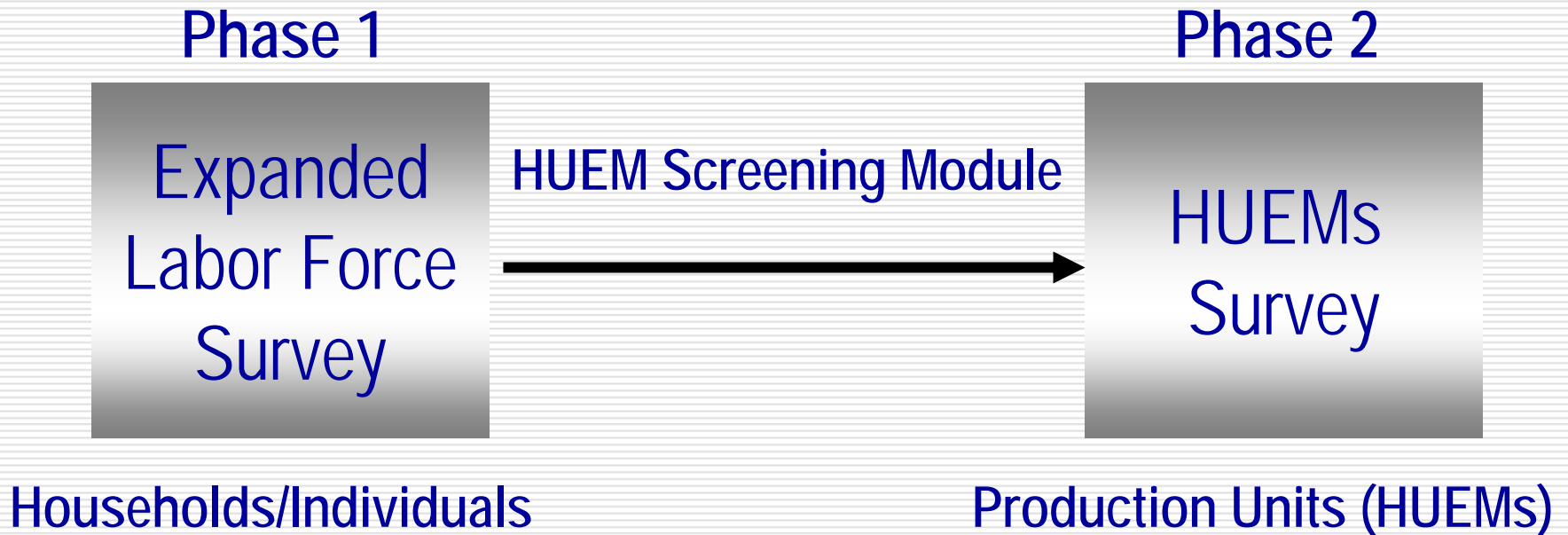
- | | |
|--------------------|--|
| ■ Employment size | <i>Specify a cut-off size</i> |
| ■ Non-registration | <ul style="list-style-type: none">■ <i>Of enterprise</i>■ <i>Of employees</i> |

Part 4

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

Results from Interregional Cooperation on Measurement of the Informal Sector and Informal Employment (2007-2010)

"1-2" Survey: Overview



'1-2' Survey Data

Phase 1

Labour
Force
Survey

HUEM
Identification

Informal Sector
Enterprise
Identification

Informal
Employment
Classification

- Informal employment
- Employment in the informal sector
- Job satisfaction

Phase 2: HUEM Survey

- Value-Added
- Employment
- Capital formation
- Enterprise characteristics
- Constraints
- Social protection
- Labour policy

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

Heintz, James. 2010. Defining and measuring informal employment & the informal sector in Philippines, Mongolia and Sri Lanka.